FILE COPY

FILED
DEC 28 1948
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

October Term, 1948.

No. 483

DIXIE CUP COMPANY,
Petitioner,

v.

PAPER CONTAINER MFG. COMPANY,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT AND SUPPORTING BRIEF.

CARLTON HILL,
CHARLES F. MERONI,
WILLIAM A. SMITH, JR.,
1414 Monadnock Block,
53 W. Jackson Boulevard,
Chicago 4, Illinois,

Washington, D. C., address:
919 Woodward Building,
Attorneys for Petitioner.

M. R. CHAMBERS,
WILLIAM H. FOULK,
Of Counsel for Petitioner.

International, 236 Chestnut St., Phila. 6, Pa.

INDEX
AND SUMMARY OF ARGUMENT.

	Page
Petition for Writ of Certiorari to the United States Court of Appeals for the Third Circuit	1
Summary and Short Statement of the Matter Involved	1
Jurisdiction	4
Questions Presented	5
Reasons Relied on for the Allowance of the Writ	6
Brief in Support of Petition for Writ of Certiorari	9
Opinions of the Courts Below	9
Jurisdiction	9
Statement of the Case	9
Specification of Errors	9
Summary of Argument	9
Argument	10
The United States Court of Appeals by Holding, in the Denial of a Motion to Dismiss for Want of Jurisdiction, That a Party Who Previously Assigned (Under a Mortgage) Its Entire Title to a Patent Application, Reserving Only a Very Limited Non-Exclusive License, May Properly Bring a Suit in Its Own Name Alone Under R. S. 4915 as to That Application and May Belatedly Join the Assignee in the Suit Even Though the Six Month Statutory Period for Bringing the Suit Has Expired, Has Thereby Circumvented the Jurisdictional Limitation of the Statute as Impliedly Interpreted by This Court	10
By Its Interpretation of the Assignment Executed by Paper Container and the License Back Embodied Therein, and by Its Holding That Paper Container Is an Indispensable Party, the Court of Appeals Not Only Failed to Follow But Has Directly Contravened Decisions of This Court	13

Page

The Court of Appeals for the Third Circuit in Holding Paper Container Can Properly Institute a Suit in Its Own Name Under R. S. 4915 Has Made a Decision in Conflict With Decisions of This Court and the United States Court of Appeals for the Second Circuit; a Decision Likely to Result in Great Confusion and a Multiplicity of Suits by Parties Heretofore Having No Right to Sue 17

The Court of Appeals for the Third Circuit in Considering a Mortgage of a Patent as Analogous to a Mortgage of Real Estate Has Made a Decision Tending to Create Great Confusion, and Has Contravened Several Decisions of This Court 21

In Deciding That Paper Container Suing in Its Name Alone Fulfilled the Requirements of R. S. 4915, the Court of Appeals for the Third Circuit Violated the Rules of Civil Procedure and Gave a Decision in Conflict With the United States Court of Appeals for the Fourth Circuit, Which Conflict Should Be Resolved by a Decision of This Court 24

The Court of Appeals for the Third Circuit, by Assuming the Six Month Provision of R. S. 4915 to be Jurisdictional and Then Holding It Applicable Only to Absent Indispensable Parties Defendant, Has Violated the Intents and Purposes of the Statute and Has Decided an Important Question of Federal Law, Which Has Not Been, But Should Be, Settled by This Court 28

INDEX (Continued).

Page

The Court of Appeals for the Third Circuit by Failing to Affirm Dismissal of the Complaint and Holding an Indispensable Party Plaintiff Should Be Joined at This Late Date, Has Disregarded the Public Interest, Has Contravened the Decision of This Court in Gandy v. Marble, Has Rendered a Decision in Conflict With Decisions of the United States Courts of Appeals for the Ninth and Tenth Circuits, and Has So Far Departed from the Usual and Accepted Course of Judicial Proceedings as to Warrant the Exercise of the Supervisory Powers of This Court 31

(a) The Court of Appeals Contradicted Itself by Assuming the Six Months Provision of R. S. 4915 to Be Jurisdictional, and Then Holding That an Indispensable Party Plaintiff Should Be Joined Long After the Expiration of Such Period 32

(b) The Court of Appeals Ignored the Settled Law as to When an Amendment Dates Back to the Filing of the Original Complaint 33

(c) The Court of Appeals Took No Cognizance of the Effect of the Law (R. S. 4894) on the Case at Bar as Required by R. S. 4915 Under Which the Action Was Filed 34

(d) The Court of Appeals Completely Disregarded the Public Interest 36

Conclusion 38

Appendix 39

R. S. 4915 (35 U. S. C. A. Sec. 63) 39

R. S. 4894 (35 U. S. C. A. Sec. 37) 40

Waterman v. Mackenzie, 138 U. S. 252 41

TABLE OF CASES CITED.

Page

Becker v. General Chain Co., 1st Cir., 273 Fed. 419 ... 25

Beidler v. Photostat Corporation, 10 F. Supp. 628 ... 36

Gandy v. Marble, 122 U. S. 432; 7 S. Ct. 1290; 30 L. Ed. 1223 ..... 4, 7, 12, 30, 34

Gayler v. Wilder, 10 How. (51 U. S.) 477; 13 L. Ed. 504 ..... 4, 7, 22

Hoover Company v. Coe, 325 U. S. 79, 65 S. Ct. 955, 89 L. Ed. 1488 ..... 4, 24

Klumb v. Roach, 7th Cir., 151 F. (2d) 374 ..... 7, 12, 29

Mas v. The Coca-Cola Company, 4th Cir., 163 F. (2d) 505 ..... 7, 26

Nachod & United States Signal Co. v. Automatic Signal Corporation, et al., 2nd Cir., 105 F. (2d) 981 ..... 7, 29

Neher v. Harwood, 9th Cir., 128 F. (2d) 846 ..... 8, 33

Overman Cushion Tire Co., Inc., et al. v. Goodyear Tire & Rubber Co., Inc., 2nd Cir., 59 F. (2d) 998.. 6, 10, 19

Parker Rust-Proof Co. v. Western Union Tel. Co., 2nd Cir., 105 F. (2d) 976 28

Shell Development Co. v. Universal Oil Products Co., 3rd Cir., 157 F. (2d) 421 ..... 11, 28

Waterman v. Mackenzie, 138 U. S. 252; 34 L. Ed. 923; 11 S. Ct. 334 ..... 4, 5, 6, 7, 10, 15, 17, 18, 22, 41

L. E. Whitham Const. Co. v. Remer, 10th Cir., 105 F. (2d) 371 ..... 8, 33

STATUTES, TEXTS, AND MISCELLANEOUS.

	Page
Federal Rules of Civil Procedure, Rule 17 (a), ...	7, 27
Judicial Code, Sec. 240 (a), as Amended, 28 U. S. C. A. 347	4
Moore's Federal Practice, Sec. 19.04, p. 2160	33
R. S. 4894, 35 U. S. C. A. Sec. 37 ..	4, 6, 7, 10, 13, 30, 31, 34, 40
R. S. 4915, 35 U. S. C. A. Sec. 63	1, 2, 3, 4, 5, 6, 7, 10 13, 21, 24, 25, 26, 27, 28, 29, 30, 31, 32, 37, 38, 39
Walker on Patents, Deller Edition, Vol. 3, Sec. 430, p. 1637; Vol. 4, Sec. 881H, p. 2668	19

IN THE

Supreme Court of the United States.

OCTOBER TERM, 1948.

No. .

DIXIE CUP COMPANY,

Petitioner,

v.

PAPER CONTAINER MFG. COMPANY,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, Dixie Cup Company, respectfully prays for a writ of certiorari to the United States Court of Appeals for the Third Circuit to review a judgment of that Court entered August 26, 1948 (R. 58).

SUMMARY AND SHORT STATEMENT OF THE MATTER INVOLVED.

1. Petitioner (hereinafter referred to as Dixie) was defendant in a suit in equity brought under R. S. 4915 (35 U. S. C. A. Sec. 63) in the District Court for the District of Delaware by Paper Container Mfg. Company (hereinafter referred to as Paper Container) in its name alone. A transcript of the record in the case, including the proceedings in said Court of Appeals, is furnished herewith in accordance with Rule 38 of the Rules of this Court.

2. This suit was filed by Paper Container following the termination of an interference in the Patent Office between an application of one Hulseman, Paper Container's assignor, and an application of one Carew, Dixie's assignor. This interference was declared February 25, 1944 and decided July 11, 1946 with an award of priority of invention to Carew, Dixie's assignor.

3. During the pendency of the interference on November 8, 1945, Paper Container made an assignment (R. 12-21) of all its rights in the Hulseman application, the invention and any Letters Patent that might be issued thereon to Reconstruction Finance Corporation (hereinafter referred to as RFC) as security for a loan. This assignment was recorded in the Patent Office January 28, 1946.

4. Under that assignment Paper Container retained certain rights which Dixie contends amount merely to a grant back from RFC to Paper Container of a non-exclusive non-assignable license; with complete title to and possession of the Hulseman application remaining in RFC.

5. R. S. 4915 requires the institution of an action within six months of the date of the decision of the Board of Interference Examiners. Paper Container filed suit against Dixie January 2, 1947. That suit was filed in the name of Paper Container alone, alleging it to be the owner of the Hulseman application. No mention was made of RFC or any assignment to it.

6. Defendant, Dixie, filed a motion (R. 8-11) to dismiss the complaint for want of jurisdiction under Rule 12 (b), Federal Rules of Civil Procedure, presenting the alleged status of RFC as assignee of Paper Container and as an indispensable party plaintiff without whom the action could not be maintained.

7. A hearing was had on such motion, but before determination by the District Court, Paper Container on June 9, 1947 (substantially eleven months after the decision

on the interference) filed an amendment to the complaint under Rule 15 (a) (R. 25-26), as a matter of course, the purport of which was to join RFC as a party plaintiff.

8. Defendant, Dixie, then filed a motion to strike that amendment to the complaint under Rules 12 (b) and 12 (f) (R. 32) contesting the jurisdiction of the Court to accept the amendment at that late date and the propriety of such amendment under Rule 15.

9. The District Court dismissed the complaint, holding RFC to be the only real party in interest, an indispensable party, and the six months provision of R. S. 4915 jurisdictional, and because of the jurisdictional provision no order could be made for the admission of RFC as a party plaintiff (R. 33-45).

10. On appeal, the Court of Appeals for the Third Circuit reversed the District Court and in its opinion (R. 46-57) held that the license back from RFC to Paper Container "comes close" to being an exclusive license, held Paper Container to be an indispensable party, held RFC to be an indispensable party and that the suit could not proceed to a conclusion without RFC being joined as a party, pointed out that no attempt was made to join RFC within the six months specified in R. S. 4915, assumed the six months provision of the statute to be jurisdictional, and then held that RFC should be joined upon remand.

The Court of Appeals reconciled these apparently conflicting holdings by interpreting the statute (R. S. 4915) in such a manner as to deem it satisfied by the filing of suit by Paper Container in its own name alone within the statutory six-month period. In effecting such reconciliation, however, the Court of Appeals concluded that the situation would be otherwise had RFC been an adverse party, stating that then RFC would have had to be joined within the six month period.

11. The Court of Appeals' interpretation of the license back from RFC to Paper Container, its interpretation of the statute (R. S. 4915), its distinction of an action under R. S. 4915 from other statutory suits as to the application of the Rules of Civil Procedure, its inference to the effect that one co-owner may sue alone without regard to the other, its holding to the effect that a suit is properly brought when an indispensable party plaintiff is not joined, its failure to take cognizance of the law as to when an amendment to a complaint dates back to the filing of the original complaint, its consideration of the mortgage of a patent as akin to the mortgage of real estate, and its failure to take cognizance of the abandonment of the Hulseman application by virtue of R. S. 4894 (35 U. S. C. A. Sec. 37), all form the crux of the situation here and are all submitted as being in error.

JURISDICTION.

The Judgment of the Court of Appeals was entered August 26, 1948 (R. 58). The petition for rehearing was denied October 11, 1948 (R. 72).

The jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended, (28 U. S. C. Sec. 347).

Cases believed to sustain jurisdiction are:

Hoover v. Coe, 325 U. S. 79;
Waterman v. Mackenzie, 138 U. S. 352;
Gandy v. Marble, 122 U. S. 432;
Gayler v. Wilder, 10 How. (51 U. S.) 477.

The case at bar is substantially the reverse of Hoover v. Coe in that here a Court of Appeals has erroneously refused to affirm dismissal of an action under R. S. 4915, while in Hoover v. Coe the Court of Appeals erroneously affirmed dismissal of such an action. Both cases are of equal importance.

QUESTIONS PRESENTED.

The decision of the Court of Appeals for the Third Circuit gives rise to the following questions:

1. Is the six month period prescribed by R. S. 4915 for the filing of an action thereunder jurisdictional?

2. Can an instrument in writing purporting to be a non-exclusive license be given the weight of an exclusive license because in the Court's opinion it "comes close" to being an exclusive license, notwithstanding the long followed and fixed essentials for an exclusive license determined by this Court in *Waterman v. Mackenzie,* 138 U. S. 252; 11 S. Ct. 334; 34 L. Ed. 923?

3. Can two parties to an instrument in writing solely by agreement between themselves convey to one party the right to sue in that party's name alone, when the settled law holds to the contrary?

4. Where a patent, or application therefor, is assigned as security for a loan, and the assignment recorded, is the mortgagor or mortgagee the real owner and possessor of the property?

5. Are the requirements of R. S. 4915 fulfilled when suit is started within the statutory six month period by an assumed indispensable party plaintiff, where no effort has been made to join another indispensable party plaintiff within that six month period?

6. Should a suit under R. S. 4915 be dismissed for failure to join an indispensable party plaintiff within the statutory six month period for filing the action, no excuse for delay being given, when the law is well settled that dismissal must result where plaintiff fails to join an indispensable party defendant within that period?

7. Assuming the prescribed six month period for filing an action under R. S. 4915 to be jurisdictional, is filing

suit within that period a condition precedent to the existence of a cause of action?

8. Can an indispensable party plaintiff be joined in an action under R. S. 4915 after the expiration of the statutory six month period, no excuse for delay having been advanced, without violating R. S. 4894 (35 U. S. C. A. Sec. 37) relating to the timely prosecution of applications for patent?

REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT.

The discretionary power of this Court to grant a writ of certiorari is invoked upon the following grounds as set forth in Rule 38 of the Rules of this Court:

1. That the Court of Appeals for the Third Circuit completely circumvented the jurisdictional limitation of R. S. 4915, considered it worthy of only incidental and parenthetical notice instead of paramount importance, and decided the case upon a secondary question of title or interest that cannot be controlling.

2. That the Court of Appeals for the Third Circuit in interpreting the license back from RFC to Paper Container and holding Paper Container to be an indispensable party has directly contravened the decision of this Court in *Waterman v. Mackenzie,* 138 U. S. 252; 11 S. Ct. 334; 34 L. Ed. 923.

3. That the Court of Appeals for the Third Circuit in holding that Paper Container can properly institute a suit under R. S. 4915 in its own name alone has again directly contravened the decision of this Court in *Waterman v. Mackenzie,* supra, and rendered a decision in conflict with the United States Court of Appeals for the Second Circuit in *Overman Cushion Tire Co., Inc., et al. v. Goodyear Tire & Rubber Co., Inc.,* 59 F. (2d) 998.

4. That the Court of Appeals for the Third Circuit in considering a mortgage of a patent (or application for patent) as analogous to a mortgage of a piece of land, has again directly contravened the decision of this Court in *Waterman v. Mackenzie,* supra, and also directly contravened the decision of this Court in *Gayler v. Wilder,* 10 How. (51 U. S.) 477.

5. That the Court of Appeals for the Third Circuit in concluding that Paper Container suing in its name alone fulfilled the requirements of R. S. 4915, failed to follow the Rules of Civil Procedure, specifically *Rule 17 (a)*, and such conclusion is in conflict with the United States Court of Appeals for the Fourth Circuit in *Mas v. The Coca-Cola Company,* 163 F. (2d) 505.

6. That the Court of Appeals for the Third Circuit in holding that the six month period prescribed in R. S. 4915, assuming it to be jurisdictional, applies only to the joining of an absent adverse indispensable party, a defendant, and not to an absent indispensable party plaintiff, has violated the intents and purposes of the statute, and has decided an important question of federal law which has not been, but should be, settled by this Court.

7. That the Court of Appeals for the Third Circuit in its interpretation of R. S. 4915, in holding that RFC should now be joined as a party plaintiff, and in failing to affirm dismissal of the complaint, has disregarded the public interest, has rendered a decision in conflict with the provisions of R. S. 4894 (35 U. S. C. A. Sec. 37), has rendered a decision contravening the decision of this Court in *Gandy v. Marble,* 122 U. S. 432; 7 S. Ct. 1290; 30 L. Ed. 1223; has rendered a decision in conflict with decisions of several other United States Courts of Appeals including *Nachod & United States Signal Co., Inc., et al. v. Automatic Signal Corporation, et al.,* C. C. A. 2nd, 105 F. (2d) 981; *Klumb v. Roach,* C. C. A. 7th, 151 F. (2d) 374, cert. den. 327

U. S. 784; *Neher v. Harwood,* C. C. A. 9th, 128 F. (2d) 846, 158 A. L. R. 1016, cert. den. 317 U. S. 659; and *L. E. Whitham Const. Co. v. Remer,* C. C. A. 10th, 105 F. (2d) 371; and has so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

Wherefore, your petitioner respectfully prays that a writ of certiorari be issued to the United States Court of Appeals for the Third Circuit to the end that this case may be reviewed and determined by this Court; that the judgment of the Court of Appeals be reversed; and that petitioner be granted such other and further relief as may be proper.

CARLTON HILL,
CHARLES F. MERONI,
WILLIAM A. SMITH, JR.,
1414 Monadnock Block,
53 W. Jackson Blvd.,
Chicago 4, Illinois,
Washington, D. C., address:
919 Woodward Bldg.,
Attorneys for Petitioner.

M. R. CHAMBERS,
WILLIAM H. FOULK,
Of Counsel for Petitioner.

Dated at Chicago, Illinois, December 23, 1948.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

OPINIONS OF THE COURTS BELOW.

The opinion of the District Court, written by Judge Rodney, is reported in 74 F. Supp. 389, and appears at page 33 of the record filed herewith.

The opinion of the United States Court of Appeals for the Third Circuit (Circuit Judges Biggs, McLaughlin and O'Connell), written by Judge Biggs, is reported in 78 U. S. P. Q. 344, and appears at page 46 of the record.

Petition for Rehearing denied October 11, 1948 (R. 72).

JURISDICTION.

Reference is hereby made to the jurisdictional statement appearing in the accompanying petition, page 4.

STATEMENT OF THE CASE.

To avoid repetition, reference is made to the accompanying petition, pages 1-4, for the essential facts of the case.

SPECIFICATION OF ERRORS.

Again, to avoid repetition and prolixity, reference is made to the accompanying petition, and it is here alleged that the Court of Appeals erred in not adopting and affirming the decision of the District Court; in all the matters set up in the reasons relied upon for the allowance of the writ, Petition, page 6; and in the items mentioned in paragraph 11 of the summary statement of the matter involved, Petition, page 4.

SUMMARY OF ARGUMENT

The argument will follow the reasons relied upon for the allowance of the writ, Petition, page 6, and the argument is summarized in the Index.

ARGUMENT.

Herein, the decision of this Court in the case of *Waterman v. Mackenzie,* 138 U. S. 252, is deemed of such importance and so pertinent both as to facts and law, that the entire decision is set out in full in the appendix, page 41. R. S. 4915 and R. S. 4894 are also quoted in full in the appendix, page 39 and page 40, respectively.

At the outset, it should be especially noted that in Waterman v. Mackenzie this Court **termed a real exclusive license an assignment, while anything less than that is referred to as a mere license** (corresponding to the term non-exclusive license as used herein).

Reason 1 of the Petition.

The United States Court of Appeals by Holding, in the Denial of a Motion to Dismiss for Want of Jurisdiction, That a Party Who Previously Assigned (Under a Mortgage) Its Entire Title to a Patent Application, Reserving Only a Very Limited Non-Exclusive License, May Properly Bring a Suit in Its Own Name Alone Under R. S. 4915 as to That Application and May Belatedly Join the Assignee in the Suit Even Though the Six Month Statutory Period for Bringing the Suit Has Expired, Has Thereby Circumvented the Jurisdictional Limitation of the Statute as Impliedly Interpreted by This Court.

The question as to whether or not the six months period prescribed in R. S. 4915 for bringing a suit thereunder is jurisdictional has been relegated to a position of secondary importance by the Court of Appeals for the Third Circuit in its decision.

In fact, the Court of Appeals substantially sidetracked the question of jurisdiction with the rather incidental and parenthetical remark that the Court assumed the requirements of the statute to be jurisdictional, without even specifying the six month provision (R. 55).

The Court of Appeals confined its decision almost entirely to a determination of whether or not Paper Container had any title or interest of a material character in the Hulseman application. Having erroneously found that Paper Container did have such an interest the Court of Appeals then went further into error by holding it could sue in its own name and join its assignee, an adjudicated indispensable party plaintiff, at any time regardless of the fact that the statutory six month period had long expired.

Petitioner wishes to lay stress right at the outset upon this sidetracking of the paramount question of jurisdiction by the Court of Appeals. Petitioner hereinafter must answer and discuss the decision of that Court, and does not wish any misapprehension, by virtue of following the trend of that decision in this argument, as to the position of petitioner.

It is petitioner's position that **primarily** the six month statutory period is jurisdictional and if suit is not correctly filed in that period **there is no cause of action existing.** The statute itself provides that the applicant may have remedy by bill in equity, **if** filed within six months. The converse is quite apparent. If suit is not filed within six months—no remedy.

Further, it is submitted that where an indispensable party is missing such suit cannot be considered filed within the meaning of the statute.

The District Judge fully comprehended the significance of the six month limitation for filing suit and its jurisdictional character. The opinion of the District Judge includes the following (R. 44-45):

> "In Shell Development Co. v. Universal Oil Products Co., 63 F. Supp. 476, this court, by Judge Leahy, determined that the six months' provision was jurisdictional and that jurisdiction could not be entertained where an indispensable party had not come in or been brought in within the six months' period from the decision of the Board of Interference Examiners. The

last cited case was affirmed in 157 F. (2d) 421, although the latter court expressed doubt that the statutory provision was jurisdictional.

The statute (R. S. 4915) provides a six months' period after the decision of the Board of Interference Examiners during which a suit can be brought in the District Court.

The present case is much stronger than the Shell Development case. In the cited case the suit was brought within the statutory period and some but not all of the indispensable parties were before the court. The court held that all indispensable parties were required to be before the court within the statutory period. In the present case while the suit was brought within the statutory period by a proper party, no indispensable party plaintiff was before the court at any time within the statutory period. There should not be two utterly divergent rules within the same district and, until otherwise determined, the statutory provision must be held to be jurisdictional. In line with the holding that the statutory provision is jurisdictional, see Nachod & United States Signal Co. v. Automatic Signal Corportion, 2 Cir., 105 F. (2d) 981; Solomon v. Schlicker, 58 F. Supp. 444 (E. D. N. Y. 1944); Klumb v. Roach, 7 Cir., 151 F. (2d) 374, cert. den. 327 U. S. 784.

The complaint must be dismissed."

It will be noted that this Court denied certiorari in Klumb v. Roach. That is at least highly persuasive that this Court considered the failure to join an indispensable party within the six months to be fatal because the court had no jurisdiction.

Also, in *Gandy v. Marble,* 122 U. S. 432 (excerpt quoted herein, page 34) this Court held R. S. 4894 to be controlling as law over an R. S. 4915 suit not filed within the statutory period. And it is significant to note that the

six month provision for filing a suit under R. S. 4915 exactly corresponds to the six month provision of R. S. 4894 for prosecuting an application.

Wherefore, it is submitted that where an indispensable party is missing there is no suit, and therefore **it cannot possibly make any difference what title or interest Paper Container may have in the Hulseman application,** because **no effort was made to join its assignee, an indispensable party (R. 56), until long after the expiration of the six month period.**

It is further submitted that the Court of Appeals, in avoiding the jurisdictional question and deciding the case on the secondary question of title, went far astray on a question of great public importance that should once and for all be settled by this Court.

Reason 2 of the Petition.

By Its Interpretation of the Assignment Executed by Paper Container and the License Back Embodied Therein, and by Its Holding That Paper Container Is an Indispensable Party, the Court of Appeals Not Only Failed to Follow But Has Directly Contravened Decisions of This Court.

The assignment from Paper Container to RFC includes the following title passing clause:

> "To Have and to Hold the same unto R. F. C. and its successors and assigns, forever, to its and their own proper use and behoof, to the full end of the respective terms for which any and all of said Letters Patent and applications for Letters Patent are now or hereafter granted, as fully and entirely as the same would have been held and enjoyed by the Assignor had this assignment and sale not been made." (R. 14.)

The reservation or, in effect, license back from RFC to Paper Container starts as follows:

> "(a) A **personal non-exclusive, non-assignable** and royalty-free right and license in the Assignor to make, use and vend the subject matter * * *"

and includes the following specific provision:

> "(c) That no other license under said Letters Patent, applications for Letters Patent, or any of them, shall be granted by R. F. C. to any other party or parties to engage in the **manufacture or sale of products or articles** or the use of methods or processes directly competitive with the products, articles and methods of Assignor without the approval in writing of the Assignor." (Emphasis petitioner's) (R. 14-15).

The Hulseman application is directed to a **product** (cup holder) and **no method or process is involved.**

The provision just above quoted fails to include the word **"use"** but is confined to manufacture or sale of products or articles.

This is an important point the Court of Appeals **apparently overlooked** when it held that the license reserved by Paper Container "comes close to being an exclusive license" (R. 49), and on that ground held Paper Container to be an indispensable party.

But Paper Container's license back does **not** come close to being an exclusive license. It manifestly falls short of an exclusive license in three essential points, **any one of which is alone sufficient to preclude the license being exclusive** or coming close to being exclusive, to wit:

> (1) RFC is free to license **any** other party, even one directly competitive with Paper Container, to **use** the invention. (That party could purchase outside the United States and use it free.)
>
> (2) The license is not exclusive as against RFC, who is itself free to manufacture, use and sell the invention in direct competition with Paper Container. (It makes no difference that for other reasons RFC

could or would not do so. Insofar as **this instrument** is concerned, RFC has that right.)

(3) RFC may fully license **any** others not directly competitive with Paper Container to manufacture, use, and sell the invention.

And this Court decided in *Waterman v. Mackenzie* on page 256 of 138 U. S., Appendix, p. 46, that **where the word "use" is omitted**, even though the "make or sell" rights were exclusive, the instrument is a mere non-exclusive license and **does not give the licensee the right to sue alone.** Further, on the same page, this Court held that if an alleged right is exclusive it **must be exclusive as against the licensor (RFC)**, and if the right is exclusive it must be exclusive as against **all** others (not just those directly competing).

This Court has plainly set up the essentials of an exclusive right on page 255 of 138 U. S., Appendix, page 44, in the following language:

> "* * * The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st, the whole patent, comprising the **exclusive** right to **make, use and vend** the invention throughout the United States; or, 2d, an undivided part or share of that **exclusive** right; or, 3d, the **exclusive** right under the patent within and throughout a specified part of the United States. Rev. Stat. 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. **Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue** at law in his own name for an infringement. Rev. Stat. 4919; *Gayler v. Wilder*, 10 How. 477, 494, 495; *Moore v. Marsh*, 7 Wall. 515. **In equity as at law, when the transfer amounts**

> **to a license only, the title remains in the owner of the patent; and suit must be brought in his name,** and **never in the name of the licensee alone,** unless that is necessary to prevent an absolute failure of justice, as where the patentee is the infringer, and cannot sue himself. **Any rights of the licensee must be enforced through or in the name of the owner of the patent,** and perhaps, if necessary to protect the rights of all parties, joining the licensee with him as a plaintiff. Rev. Stat. 4921. *Littlefield v. Perry,* 21 Wall. 205, 223; *Paper Bag Cases,* 105 U. S. 766, 771; *Birdsell v. Shaliol,* 112 U. S. 485-487. And see *Renard v. Levinstein,* 2 Hem. & Mil. 628." (Emphasis Petitioner's.)

There can be no misapprehension as to the meaning of the above language. It is plain, concise, and positive. **Any** assignment or transfer, **short of** the stated requirements, is a mere non-exclusive license.

It is submitted that the Court of Appeals manifestly erred in holding that the reservation in the assignment to RFC "comes close" to being an exclusive license and therefore Paper Container is an indispensable party.

The Court of Appeals also laid some stress on the covenants of the assignment, 1 to 7 inclusive (R. 16-17) and especially covenants 4 and 5 to the effect Paper Container shall prosecute all interferences at its own expense and shall prosecute the Hulseman application at its own expense.

But covenants 4, 5 and 6 state that Paper Container **shall,** upon request of RFC, turn over such prosecution to RFC, **who may assume full control at any time on its own volition.**

The Court of Appeals further stressed reservation (b) (R. 15) relating to the right of Paper Container to bring an infringement suit in its own name and that of RFC upon RFC's consent. But RFC **could refuse its consent** and then Paper Container could not sue at all.

These covenants and reservations do not in any manner amplify or add to Paper Container's rights. They require Paper Container to do things at its own expense but under the control of RFC. Actually, these provisions place burdens on Paper Container to the benefit of RFC, and therefore cannot, as the Court of Appeals considered, add an appearance of exclusiveness to the license back from RFC.

Everything, by the very terms of the instrument, is in the absolute control of RFC, and so no right sufficient to make Paper Container an indispensable party exists.

Wherefore, it is submitted that in interpreting the instrument here involved the Court of Appeals has clearly and absolutely contravened the decision of this Court in Waterman v. Mackenzie and cases cited therein.

Reason 3 of the Petition.

The Court of Appeals for the Third Circuit in Holding Paper Container Can Properly Institute a Suit in Its Own Name Under R. S. 4915 Has Made a Decision in Conflict With Decisions of This Court and the United States Court of Appeals for the Second Circuit; a Decision Likely to Result in Great Confusion and a Multiplicity of Suits by Parties Heretofore Having No Right to Sue.

The facts of the instant case, as outlined in the Petition, pages 1-4, are strikingly similar to the facts in *Waterman v. Mackenzie*. Both were suits in equity. In the cited case Mrs. Waterman gave Waterman a license to manufacture and sell under a patent. **The word "use" was omitted.** Then Mrs. Waterman assigned the patent to one Shipman to secure a loan, a mortgage of the patent. The mortgage assignment was subject to the license to Waterman, which is equivalent to the license back to Paper Container from RFC; and the assignment was complete and recorded, as in the case at bar.

Mrs. Waterman then assigned all her rights to the patent to Waterman and he sued Mackenzie for infringement. Mackenzie filed a plea asking dismissal on the ground that Waterman, **at the time of filing the bill,** was not possessed of the patent or any exclusive right under it.

The bill was dismissed, appeal taken, and this Court held as follows on page 261 of 138 U. S.; Appendix page 51:

> "The necessary conclusion appears to us to be that Shipman, **being the present owner of the whole title in the patent under a mortgage duly executed and recorded,** was the person, **and the only person,** entitled to maintain such a bill as this; and that the plea (for dismissal), therefore, was rightly adjudged good." (Emphasis and insertion petitioner's.)

Any distinction between the case at bar and Waterman v. Mackenzie as to material facts amounts merely to Waterman suing for infringement, and Paper Container suing for the grant of a patent which, if granted, must give birth to any future claims of infringement.

Thus, it is submitted, that while there may be a slight distinction between the cases, there is no difference. **The doctrine of Waterman v. Mackenzie should here prevail.**

In that case this Court held Waterman had no right to sue at law or in equity. By the same token Paper Container has no right to sue here, and RFC is the party, **and the only party,** having that right, as so aptly determined by the District Judge in his opinion (R. 41). Paper Container is naught but a mere proper party.

And it is significant to note that in Waterman v. Mackenzie, Waterman was given ten days to amend his bill and did not do so. A final decree dismissing the bill was entered. Here, the statute itself (R. S. 4915) provides six months for the filing of the suit and no effort was made to join RFC in that time. It is submitted this suit also warrants a final decree dismissing the bill.

The Court of Appeals considered Paper Container and RFC in a position analogous to joint inventors or co-owners of the Hulseman application (R. 53). There, by inference at least, the Court of Appeals expressed its opinion that any co-owner of a patent may sue alone. But the law is well settled that co-owners of a patent must sue **jointly in equity** or defendant can move to dismiss. See *Walker on Patents, Deller Edition,* Vol. 3, Sec. 430, p. 1637, and Vol. 4, Sec. 881H, p. 2668, and cases cited. Such inference should be corrected by this Court.

But the Court of Appeals took no cognizance of the fact that **even under such a grossly assumed condition,** Paper Container could not institute this action in its own name. This Court so held in Waterman v. Mackenzie.

And the United States Court of Appeals for the Second Circuit so held in *Overman Cushion Tire Co., Inc., et al. v. Goodyear Tire & Rubber Co., Inc.,* 59 F. (2d) 998; cert. den. *Kelly-Springfield Tire Co. v. Overman,* 287 U. S. 651. In that case the appellant, Kelly-Springfield, had a license from Overman Company under a patent upon which Overman sued for infringement, and appellant attempted to intervene alleging damage to itself by way of the same infringement. By virtue of the license agreement Overman did have power to license another, as does the RFC under the instrument under question in the case at bar.

The Court of Appeals for the Second Circuit affirmed the dismissal of the bill for intervention, relying on Waterman v. Mackenzie, and the decision included the following pertinent language:

On page 999 of 59 F. (2d):

> "The claim is made that the Overman Company did not choose to exercise its right to grant further license and therefore the appellant became an exclusive licensee. **A sole licensee is not necessarily an exclusive licensee.** The patent laws provide for granting one entire monopoly only as the statute reads, in three

ways. Waterman v. Mackenzie, 138 U. S. 252, 11 S. Ct. 334, 335, 34 L. Ed. 923; Bliss Co. v. United States, 253 U. S. 187, 40 S. Ct. 455, 64 L. Ed. 852; United States v. Gen. Electric Co., 272 U. S. 476, 47 S. Ct. 192, 71 L. Ed. 362." (Emphasis petitioner's.)

and on page 1000 of 59 F. (2d):

"Any attempted division of one of the three statutory provisions is a nonexclusive license, and the licensee has no title in the patent and no right to sue in his own name for infringement. Rockwood v. Gen. Fire Extinguisher Co., 37 F. (2d) 62 (C. C. A. 2). **But where the owner of a patent retains a right coextensive with that of the licensee, the latter is only a nonexclusive licensee, and has no title or right enabling him to sue or be joined in a suit for infringement.** Western Elec. Co. v. Pacent, supra; Shepherd v. Deitsch (C. C.), 138 F. 83." (Emphasis Petitioner's)

Obviously in the case at bar RFC retained rights not only coextensive with but far exceeding the rights it granted back to Paper Container. And it is submitted as being elementary that if a non-exclusive licensee cannot sue or be joined in a suit for infringement, a non-exclusive licensee (Paper Container) should not be able to institute a suit in its own name alone for the grant of a patent which it could not later enforce.

In covenant (5) (R. 17) of the instrument in the case at bar Paper Container agreed to prosecute the Hulseman application in the U. S. Patent Office and Appellate Tribunals. The Court of Appeals said (R. 50):

"* * * We think, however, that it was the intention of the parties to include a district court of the United States sitting 'in review' of the refusal of the Patent Office to grant a patent in an R. S. 4915 proceeding within the phrase *appellate tribunals* as used in the covenants."

Such conclusion by the Court of Appeals is clearly beside the question. **No matter what the intent of the parties** they cannot, by an agreement between themselves, convey to one party the right to sue in its name alone, **when the law expressly denies that right.** An action under R. S. 4915 is not an appeal; it is an action *de novo* subject to the Rules of Civil Procedure the same as a suit under any other Statute in a Federal Court.

Such decision will not only result in confusion as to the applicable law in the Third Circuit, but will give rise to a multiplicity of suits by those who heretofore never had the right to sue, unless this Court settles the matter.

In view of the above, it is submitted that the Court of Appeals was clearly in error in holding that Paper Container could institute this action under R. S. 4915, and again contravened decisions of this Court and rendered a decision in conflict with that of the Court of Appeals for the Second Circuit.

Reason 4 of the Petition.

The Court of Appeals for the Third Circuit in Considering a Mortgage of a Patent as Analogous to a Mortgage of Real Estate Has Made a Decision Tending to Create Great Confusion, and Has Contravened Several Decisions of This Court.

In reaching the conclusion that Paper Container was an indispensable party and could institute this action in its own name, the Court of Appeals held that in a realistic sense Paper Container was the "applicant" referred to in R. S. 4915 and that RFC's title was merely for security, and in the footnotes (R. 55) gave the following basis for its holding:

> "13. Dixie Cup's defense is reminiscent of the attempt of the defendants in ejectment suits to maintain as a defense the title of an outstanding mortgagee. This they cannot do. 18 Am. Jur. Ejectment 55, and

the authorities in note 14 cited to the text. The analogy is apposite although in the instant suit Paper Container seeks to try title in an invention, not in land. Dixie Cup seeks to avoid this issue.

14. Lord Mansfield put the matter succinctly when he said in the case of The King against the Inhabitants of St. Michael's in Bath, Vol. II Douglas Reports 630, 632 (Reprint Vol. 99, p. 399) that 'It is an affront to common sense to say that the mortgagor is not the real owner.' "

In such reasoning the Court of Appeals was clearly in error. First, the cases referred to in the quoted footnotes are common law cases. This Court, speaking of patents, in *Gayler v. Wilder*, 10 How. (51 U. S.) 477; 13 L. Ed. 504, held as follows on page 494 of 10 How.:

> "The monopoly did not exist in common law, and the rights, therefore, which may be exercised under it cannot be regulated by the rules of the common law. **It is created by the Act of Congress and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes.**" (Emphasis Petitioner's.)

And again in Waterman v. Mackenzie this Court particularly distinguished a mortgage of real estate from a mortgage of a patent. On page 258 of 138 U. S., this Court pointed out that a mortgage of real estate has come to be considered a mere security for a debt. Then on page 260 (Appendix p. 50), this Court held as follows in regard to a patent:

> "A patent right is incorporeal property, not susceptible of actual delivery or possession; and the recording of a mortgage thereof in the Patent Office, in accordance with the act of Congress, is equivalent to a delivery of possession, **and makes the title of the mort-**

gagee complete towards all other persons, as well as against the mortgagor. The right conferred by letters patent for an invention is limited to a term of years; and a large part of its value consists in the profits derived from royalties and license fees. In analogy to the rules governing mortgages of lands and of chattels, and with even stronger reason, the assignee of a patent by a mortgage duly recorded, whose security is constantly wasting by the lapse of time, must be held (unless otherwise provided in the mortgage) entitled to grant licenses, to receive license fees and royalties, and to have an account of profits or an award of damages against infringers. There can be no doubt that he is 'the party interested, either as patentee, assignee or grantee,' and as such entitled to maintain an action at law to recover damages for an infringement; **and it cannot have been the intention of Congress that a suit in equity against an infringer to obtain an injunction and an account of profits, in which the court is authorized to award damages, when necessary to fully compensate the plaintiff, and has the same power to treble the damages as in an action at law, should not be brought by the same person.** Rev. Stat. 4919, 4921; *Root v. Railway Co.*, 105 U. S. 189, 212." (Emphasis Petitioner's.)

This Court in Waterman v. Mackenzie clearly apprehended an obvious distinction between the mortgage of a patent (or application therefor) and a mortgage of real estate. Should the mortgagor fail to keep up payments, the mortgagee of real property must take legal action and institute foreclosure proceedings to recover, and the mortgagee may never acquire title to the property at a forced sale. But in the case of a mortgagee of a patent, with the assignment recorded, that mortgagee need only notify the mortgagor of default, **no legal action is necessary, and title and possession remain in the mortgagee.**

For example, in the instrument in the case at bar, Paper Container only enjoys its non-exclusive license back from RFC "until RFC shall give notice of its election to terminate said reservations for failure so to pay and discharge said obligations * * *" (R. 14). Should RFC make such election, RFC is then free to do as it pleases with the Hulseman application. **RFC already has full title and possession of that application.**

And the instrument further provides that if Paper Container fulfills its obligations, RFC shall **reassign** the application, but otherwise the assignment to RFC **remains in full force and effect** (R. 15-16).

That language affords no ground for misapprehension. Full and complete title is in RFC and so is possession. RFC is therefore the only party capable of suing under R. S. 4915 or any other Federal Statute.

So, here again the Court of Appeals has contravened decisions of this Court and opened the way for great confusion in the Third Circuit unless this Court accepts certiorari and corrects the entire matter.

Reason 5 of the Petition.

In Deciding That Paper Container Suing in Its Name Alone Fulfilled the Requirements of R. S. 4915, the Court of Appeals for the Third Circuit Violated the Rules of Civil Procedure and Gave a Decision in Conflict With the United States Court of Appeals for the Fourth Circuit, Which Conflict Should Be Resolved by a Decision of This Court.

The Court of Appeals has clearly failed to distinguish between appeals under R. S. 4911, 35 U. S. C. A. Sec. 59a, and suits under R. S. 4915. These statutes provide alternative remedies, the first by way of appeal, and the second by way of suit in equity. *Hoover Company v. Coe,* 325 U. S. 79.

Because of the provision in the assignment that Paper Container was to prosecute the Hulseman application in the Patent Office and appellate tribunals, the Court of Appeals read suit in equity under R. S. 4915 into the term "appellate tribunals," which term can only include an appeal under R. S. 4911. But RFC could take over prosecution whenever it desired.

It should be noted especially that the only place in the assignment where a suit was mentioned, reservation (b) (R. 15), RFC gave permission to Paper Container to sue and join RFC as party plaintiff.

That is a definite indication that Paper Container and RFC **were fully aware that Paper Container could not alone institute a suit.**

The Court of Appeals relied heavily on the words "any applicant" in R. S. 4915, in holding that Paper Container was an applicant. The term "applicant" as used in R. S. 4915 means assignee, *Becker v. General Chain Co.*, 1st Cir., 273 F. 419. So Paper Container could only be an applicant by virtue of the assignment to it from Hulseman. But Paper Container in turn assigned to RFC and **thus removed itself as applicant within the meaning of that term as used in the statute, and made RFC the applicant.**

Now, **by the very words of the statute itself, Paper Container is a stranger and has no right to institute suit under R. S. 4915.**

That was entirely overlooked by the Court of Appeals and that Court also overlooked the fact that proceedings in the Patent Office **and Appellate tribunals** are carried on **in the name of the inventor,** not the assignee.

The Court of Appeals went further into error by virtue of being puzzled over the word "any" defining applicant in R. S. 4915 in the clause "* * * whenever any applicant is dissatisfied with the decision of the board of interference examiners, the applicant * * *" may sue in equity. The Circuit Court did not understand the change from "the" to "any" when the statute was amended, and held that

both Paper Container and RFC were applicants and "any" or either of them could sue.

That reasoning was obviously fallacious, especially because the word **"the"** occurs immediately after examiners in designating who may sue. And it is submitted as obvious that the word "any" was intended to mean **either** or **any one** of the opposing parties to an interference. An interference may terminate with an award of certain claims to one party and the remainder to the other party. Both parties may be dissatisfied and "any" or either of them may sue under R. S. 4915. And as to a three or more party interference the amendment merely clarified any doubt that **all** losing parties did not have to join as plaintiffs for "any" or one party to sue under R. S. 4915.

And the Court of Appeals in holding that Paper Container fulfilled the requirements of R. S. 4915 by suing in its own name alone violated the Rules of Civil Procedure. In fact, the Court of Appeals totally ignored the application of those rules, when it has been well established that the rules do apply in R. S. 4915 actions. It was so held by the United States Court of Appeals for the Fourth Circuit in *Mas v. The Coca-Cola Company*, 163 F. (2d) 505, wherein the following appears on page 510:

> ". . . it is true that the statute, R. S. 4915, provides in effect for a review of decisions in the Patent Office; but it is true also that the remedy provided is by 'bill in equity', **and the necessary inference is that Congress intended that this equitable remedy, with its incidents and limitations as established in the equity practice, should be the one to be followed in obtaining the review provided.** It means 'a proceeding in a court of the United States having original equity jurisdiction under the patent laws, **according to the ordinary course of equity practice and procedure. It is not a technical appeal from the patent-office, like that authorized in Section 4911 (35 U. S. C. A. Sec. 59a)**, confined to the

case as made in the record of that office, but is prepared and heard upon all competent evidence adduced, and upon the whole merits.' Butterworth v. United States, 112 U. S. 50, 61, 5 S. Ct. 25, 31, 28 L. Ed. 656; In re Squire, Fed. Cas. No. 13,269." (Emphasis Petitioner's.)

Rule 17 (a) provides that "Every action shall be prosecuted in the name of **THE** real party in interest." (Emphasis Petitioner's.) **The** real party in interest can only be RFC, the party **having title to and possession of** the Hulseman application. Paper Container, having nothing but a possibility of recovery of an application and a non-exclusive license thereunder **only so long as it continues to perform specified acts**, certainly cannot be considered even a trustee of anything for RFC, as the Court of Appeals considered it to be (R. 54). R. S. 4915 provides "the applicant, * * * may have remedy by bill in equity, **if** filed within six months * * *." **The word "if" emphasized above is clearly indicative of the fact that no cause of action exists unless suit is begun within the six month period.** And, petitioner submits, a suit cannot be considered filed with the real party in interest missing.

Consequently, the Court of Appeals, in ruling that Paper Container fulfilled the requirements of R. S. 4915 has violated the Rules of Civil Procedure and, in effect, handed down a decision in direct conflict with the United States Court of Appeals for the Fourth Circuit, which conflict should be resolved by this Court.

Reason 6 of the Petition.

The Court of Appeals for the Third Circuit, by Assuming the Six Month Provision of R. S. 4915 to Be Jurisdictional and Then Holding It Applicable Only to Absent Indispensable Parties Defendant, Has Violated the Intents and Purposes of the Statute and Has Decided an Important Question of Federal Law, Which Has Not Been, But Should Be, Settled by This Court.

The Court of Appeals for the Third Circuit has created a decidedly anomalous situation by holding that a limitation of the time for **filing** a suit under a statute applies only to the joining of indispensable parties **defendant.**

The Court of Appeals decided in effect that an indispensable party plaintiff can be brought in **anytime** provided the suit was filed by **someone** within the six month period from the decision on the interference.

The Court of Appeals assumed the six month period in R. S. 4915 to be jurisdictional (R. 55).

The Court of Appeals held RFC to be an indispensable party and held this suit could not proceed to a conclusion without RFC being made a party (R. 56).

The Court of Appeals found that Paper Container did **not** attempt to make use of RFC's name or join RFC as a party plaintiff in this suit within the six months prescribed by R. S. 4915 (R. 54).

By virtue of its finding that Paper Container is an indispensable party (which finding petitioner submits is clearly in error) the Court of Appeals held the suit was brought in time and RFC should now be joined at this late date.

But the Court of Appeals, in so holding, reasoned as follows in the footnote, R. 56:

> "15. The situation would be otherwise if RFC and not Dixie Cup was the adverse party. See Shell Development Co. v. Universal Oil Products Co., 3 Cir., 157 F. 2d 421; Nachod & United States S. Co. v. Automatic Signal Corp., 2 Cir., 105 F. 2d 981; Parker Rust-Proof

Co. v. Western Union Tel. Co., 2 Cir., 105 F. 2d 976 and Klumb v. Roach, 7 Cir., 151 F. 2d 374, cert. den. 327 U. S. 784. If such had been the case, assuming the provisions of R. S. 4915 to be jurisdictional, RFC would have had to have been made a party within the six month period."

In the cases cited in the above quoted footnote an indispensable party defendant was missing within the six month period.

The theory for dismissal of the action in such cases is that the suit is not **properly brought if all indispensable parties defendant** are not before the Court within the six month period, but the various courts made no particular distinction between indispensable parties plaintiff and defendant.

Can it then be said that a suit is properly brought if an **indispensable party plaintiff** is not before the Court within the six month period?

Common logic clearly bespeaks the contrary. The statute makes no distinction between indispensable parties plaintiff and indispensable parties defendant.

Especially so, when the six month provision of the statute was intended to be a burden on the plaintiff and force a plaintiff to promptly urge his rights.

For example, in *Nachod & United States Signal Co. v. Automatic Signal Corporation, et al.,* 2nd Cir., 105 F. (2d) 981, wherein the plaintiff in an action under R. S. 4915 was not advised as to an exclusive licensee of the defendant in time to join the licensee as a party within the six months, the bill was dismissed on the ground that plaintiff could have sued promptly and under the Rules of Civil Procedure obtained discovery from the defendant as to the licensee in time to join the latter within the six months.

Should plaintiff's burden be any less when an indispensable party plaintiff, about whom plaintiff has had knowledge since long prior to the suit, is not joined within

six months? To so hold, as the Court of Appeals did is to establish a most dangerous precedent inviting a multiplicity of actions and untold delay in direct violation of the intent of Congress in creating the statute.

R. S. 4915 specifies three essentials before an action under it can be maintained, namely:

1. There must have been no appeal to the Court of Customs and Patent Appeals (there was none in the case at bar).

2. Suit must be filed within six months of the decision of the Board of Interference Examiners (petitioner contends that was not done in the case at bar, because RFC was not made a party).

3. There must be notice to all adverse parties (Dixie is the only adverse party).

And the requirement concerning filing within six months is **separated by a semicolon** from the requirement relating to notice to adverse parties. The Court of Appeals did not appreciate that.

Congress, in creating R. S. 4915, inserted a provision to the effect that the Court "may adjudge that such applicant is entitled, according to law, to receive a patent etc." R. S. 4894, Appendix p. 39, is part of that law, and is exemplary of the intention of Congress as to R. S. 4915. It was so held by this Court in *Gandy v. Marble,* 122 U. S. 432; 7 S. Ct. 1290; 30 L. Ed. 1223, wherein it was pointed out that an action under R. S. 4915 is a part of the application for a patent and R. S. 4894 is controlling as to time.

R. S. 4894 specifies the time in which an applicant must prosecute an application after an action by the Patent Office. Under the Act of July 8, 1870 the time was two years. The Act of March 3, 1897 changed the time to one year. The Act of March 2, 1927 reduced the time to six months. It will be noted that the time period for action by an applicant has been steadily reduced.

Thus, there is clearly indicated a congressional intent to force an applicant to promptly urge his rights if a patent is to be obtained.

And every time the period for action was reduced in R. S. 4894 **it was correspondingly reduced in R. S. 4915.**

Wherefore, it is submitted that the decision of the Court of Appeals clearly violates the intents and purposes of R. S. 4915 and would give rise to such confusion, delay, and multiplicity of actions that a decision is well warranted by this Court to finally determine the jurisdictional character of the six months provision as to indispensable parties plaintiff.

Reason 7 of the Petition.

The Court of Appeals for the Third Circuit by Failing to Affirm Dismissal of the Complaint and Holding an Indispensable Party Plaintiff Should Be Joined at This Late Date, Has Disregarded the Public Interest, Has Contravened the Decision of This Court in Gandy v. Marble, Has Rendered a Decision in Conflict With Decisions of the United States Courts of Appeals for the Ninth and Tenth Circuits, and Has so Far Departed from the Usual and Accepted Course of Judicial Proceedings as to Warrant the Exercise of the Supervisory Powers of This Court.

In the final portion of its decision (R. 56) the Court of Appeals has gone so far astray from the accepted course of judicial proceedings that this Court should resolve the hopeless confusion now existing by the exercise of supervisory powers and give a decision to clarify the situation.

So many erroneous inferences may be drawn from the decision of the Court of Appeals in the case at bar as to leave the law on many points in a complete state of confusion, especially in the Third Circuit.

For example, four separate points, (a), (b), (c) and (d) are here worthy of discussion:

(a) The Court of Appeals Contradicted Itself by Assuming the Six Months Provision of R. S. 4915 to be Jurisdictional, and Then Holding That an Indispensable Party Plaintiff Should be Joined Long After the Expiration of Such Period.

This point gives rise to the question: How can a time limit in a statute be jurisdictional and an indispensable party plaintiff be joined after the expiration of that time limit? If the six months provision is jurisdictional, RFC **cannot** be joined and the action must be dismissed. If RFC can now be joined, then the six months provision cannot be jurisdictional and a suit under R. S. 4915 can be brought at any time, notwithstanding the provision and the intent of Congress in creating the statute.

The two finalities cannot exist together.

District Judge Rodney clearly analyzed the situation. He held (R. 42):

> "Clearly no final decree could be made in this case, especially one adverse to the plaintiff, without affecting the interest of R. F. C. as the assignee of the plaintiff and holder of title to its patent application.
>
> An indispensable party under the authorities hereinbefore cited must be a party to the suit. While misjoinder of parties constitutes no ground of dismissal, it is well settled that failure to include an indispensable party plaintiff does constitute such ground. Neher v. Harwood, 9 Cir., 128 F. (2d) 846, 158 A. L. R. 1016, cert. den. 317 U. S. 659; U. S. v. Washington Institute of Technology, 47 F. Supp. 384."

Then Judge Rodney held (R. 43-44) that whether the amendment endeavoring to join RFC should be under Rule 15 or Rule 21 need not be determined, because, in view of the six months provision being jurisdictional, a final order for the admission of RFC could **not** be made.

It is submitted that Judge Rodney was correct.

In Neher v. Harwood no distinction was made between parties plaintiff and parties defendant when it was held that where an indispensable party is not before the court, **the only possible course** for the court to pursue is to dismiss. See also *Moore's Federal Practice,* Sec. 19.04, p. 2160.

The decision of the Court of Appeals in the case at bar conflicts with that of the Court of Appeals for the Ninth Circuit in Neher v. Harwood.

(b) The Court of Appeals Ignored the Settled Law as to When an Amendment Dates Back to the Filing of the Original Complaint.

The Court of Appeals held that RFC should be joined in a manner to be determined by the court below on remand. That holding apparently reverses without comment the well settled principle that an amendment may not date back to the original filing of the complaint when it introduces a new party plaintiff after the running of a statute of limitations. That holding is also apparently in confiict with the decision of the Tenth Circuit Court of Appeals in *L. E. Whitham Const. Co. v. Remer,* 105 F. (2d) 371, wherein an amendment seeking to add a new plaintiff after the running of the statutory period was denied.

The amendment offered by Paper Container (1) sets up a new and different cause of action by naming a new **owner** of the Hulseman application; (2) is in effect the filing of a new suit by RFC; (3) recites a different state of facts as the ground of the action by bringing in a new **owner** and a **new document** (the assignment from Paper Container to RFC) upon which the new owner bases its title; and thus (4) effects a change in substance rather than in form.

It is elementary that if an amendment performs **but one** of those four results it **cannot date back** to the filing of the complaint.

(c) THE COURT OF APPEALS TOOK NO COGNIZANCE OF THE EFFECT OF THE LAW (R. S. 4894) ON THE CASE AT BAR AS REQUIRED BY R. S. 4915 UNDER WHICH THE ACTION WAS FILED.

The Court of Appeals took no cognizance of the fact that by virtue of R. S. 4894 no decision could now be given that **either** Paper Container or RFC is entitled **"according to law"** to a patent on the Hulseman application. That has been well settled by this Court in *Gandy v. Marble,* 122 U. S. 432, wherein the following appears on pages 438-440 (the lower court had dismissed the complaint filed under R. S. 4915):

> "We are of opinion that this decree must be affirmed. * * * The applicant failed to prosecute his application within two years after the last action therein, of which notice was given to the applicant. The decree of the Supreme Court of the District of Columbia was made on the 30th of January, 1880, and this bill was not filed until the 3d of May, 1883. **No excuse for the laches and delay is set up in the bill and none is shown in the proofs, nor is it alleged in the bill that the delay was unavoidable.** Although, as was said by this court in *Butterworth v. Hoe,* 112 U. S. 50, 61 (citing *Whipple v. Miner,* 15 Fed. Rep. 117; *Ex parte Squire* 3 Ban. & Ard. 133; and *Butler v. Shaw,* 21 Fed. Rep. 321), the proceeding by bill in equity, under Sec. 4915, on the refusal to grant an application for a patent, intends a suit according to the ordinary course of equity practice and procedure, and is not a technical appeal from the Patent Office, nor confined to the case as made in the record of that office, but is prepared and heard upon all competent evidence adduced and upon the whole merits, **yet the proceeding is, in fact and necessarily, a part of the application for the patent.** Section 4915 declares that the judgment of the court, if in favor of the right of applicant, **is to be a judgment that the ap-**

plicant 'is entitled, according to law, to receive a patent for his invention, as specified in his claim, or for any part thereof, as the facts in the case may appear;' and that, if the adjudication be in favor of the right of the applicant, it shall authorize the Commissioner to issue the patent, on the filing in the Patent Office by the applicant of a copy of the adjudication and on his 'otherwise complying with the requirements of law.' One requirement of law is, by Sec. 4894, that the application shall be regarded as abandoned if the applicant fails to prosecute the same within two years after any action therein of which notice shall have been given to him, 'unless it be shown to the satisfaction of the Commissioner of Patents that such delay was unavoidable.' All that the court which takes cognizance of the bill in equity, under Sec. 4915, is authorized to do is to adjudge whether or not 'the applicant is entitled, according to law, to receive a patent,' and, after an adjudication in his favor to that effect, the Commissioner is not authorized to issue a patent unless the applicant otherwise complies with the requirements of law. In the present case, there would be no compliance with the requirements of law, in view of the delay for more than two years unless it be shown to the satisfaction of the court that the delay was unavoidable. **The jurisdiction of the application being transferred, pro tanto, to the court, by virtue of the bill in equity, it cannot adjudge that the applicant is entitled, according to law, to receive a patent, unless he shows to the satisfaction of the court that the delay was unavoidable, under an allegation to that effect in the bill.** The presumption of abandonment, under Sec. 4894, unless it is shown that the delay in prosecuting the application for two years and more after the last prior action, of which notice was given to the applicant, was unavoidable, exists as fully in regard to that branch of the application involved in the remedy by bill in equity as in

regard to any other part of the application, whether so much of it as is strictly within the Patent Office, or so much of it as consists of an appeal to the Supreme Court of the District of Columbia under Sec. 4911. The decision of the court on a bill in equity becomes, equally with the judgment of the Supreme Court of the District of Columbia on a direct appeal under Sec. 4911, the decision of the Patent Office, and is to govern the action of the Commissioner. **It is, therefore, clearly a branch of the application for the patent, and to be governed by the rule as to laches and delay declared by Sec. 4894 to be attendant upon the application.**" (Emphasis Petitioner's.)

See also *Beidler v. Photostat Corporation,* 10 F. Supp. 628, affirmed per curiam by the United States Court of Appeals for the Second Circuit, 81 F. (2d) 1015, which relied on Gandy v. Marble to hold an application abandoned.

Consequently, there can be no point to continuing a suit wherein neither Paper Container nor RFC could ultimately prevail. And the decision of the Court of Appeals at least tacitly contravenes the decision of this Court in Gandy v. Marble.

(d) The Court of Appeals Completely Disregarded the Public Interest.

The Court of Appeals held it makes no legal difference to Dixie whether or not Paper Container, RFC, or both are real and indispensable parties; the final judgment would be the same (R. 56). On the contrary, it makes a distinctly legal difference to Dixie.

Dixie has a clear legal right to know that its rights as primarily established by the decision of the Board of Interference Examiners are finally fixed in its favor if no action by way of a suit under R. S. 4915 is taken within six months from the decision. And here no such suit was filed by the real party in interest within that time. So the

legal difference to Dixie is that Dixie should not be burdened with the trial of a suit that, in effect, was never filed and cannot now be filed.

And of equal importance, is the fact that the Court of Appeals never considered at all the **public interest**, which Congress clearly had in mind when R. S. 4915 was created and when it was repeatedly amended to shorten the time within which the action could be filed.

The public interest would be strongly adversely affected by allowing an indispensable party plaintiff to be brought in any time after the six months have expired. This is apparent, when it is recalled that a suit of this kind does not retard in any way the prompt prosecution of the application of the winning party to the interference. That application (Dixie's) will in all probability issue in patent during the pendency of this action.

The public will then know what the monopoly is, and the public is entitled to have that monopoly terminate in 17 years. But should an indispensable party plaintiff be permitted to join or in effect institute an action under R. S. 4915 at any belated time (RFC is not yet a party and over 2 years and 4 months have passed since the interference decision) and should that party ultimately prevail, prosecution of its application (Hulseman application) would then continue in the Patent Office.

When that application then issued in patent, quite likely several years after the issuance of the other party's patent, the **same identical monopoly** would start over again for 17 years as against the public. The six months provision protects the public in this regard and should be strictly construed because of that fact.

CONCLUSION.

This case involves a decision by the Court of Appeals which not only contravenes several authoritative decisions of this Court, but also is in conflict with decisions of the United States Courts of Appeals for the Second, Fourth, Ninth and Tenth Circuits, and violates the intents and purposes of R. S. 4915.

Further the decision here involved so far departs from usual and accepted judicial procedure as to create untold confusion as to the law in the Third Circuit, and invite a multiplicity of suits by litigants who heretofore had no right to sue.

Unless that decision is reversed by this Court great injustice will be done and a conflict of rulings will result that will be disastrous to the overall administration of justice.

Wherefore, it is earnestly urged that this petition for certiorari be granted.

Respectfully submitted,

CARLTON HILL,
CHARLES F. MERONI,
WILLIAM A. SMITH, JR.,
1414 Monadnock Block,
53 W. Jackson Blvd.,
Chicago 4, Illinois.
Washington, D. C., address:
919 Woodward Bldg.,
Attorneys for Petitioner.

M. R. CHAMBERS,
WILLIAM H. FOULK,
Of Counsel for Petitioner.

Dated at Chicago, Illinois, December 23, 1948.

APPENDIX.

R. S. 4915 (35 U. S. C. A. Sec. 63).

Whenever a patent on application is refused by the Board of Appeals or whenever any applicant is dissatisfied with the decision of the board of interference examiners, the applicant, unless appeal has been taken to the United States Court of Customs and Patent Appeals, and such appeal is pending or has been decided, in which case no action may be brought under this section, may have remedy by bill in equity, if filed within six months after such refusal or decision; and the court having cognizance thereof, on notice to adverse parties and other due proceedings had, may adjudge that such applicant is entitled, according to law, to receive a patent for his invention, as specified in his claim or for any part thereof, as the facts in the case may appear. And such adjudication, if it be in favor of the right of the applicant, shall authorize the commissioner to issue such patent on the applicant filing in the Patent Office a copy of the adjudication and otherwise complying with the requirements of law. In all cases where there is no opposing party a copy of the bill shall be served on the commissioner; and all the expenses of the proceedings shall be paid by the applicant, whether the final decision is in his favor or not. In all suits brought hereunder where there are adverse parties the record in the Patent Office shall be admitted in whole or in part, on motion of either party, subject to such terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court may impose, without prejudice, however, to the right of the parties to take further testimony. The testimony and exhibits, or parts thereof, of the record in the Patent Office when admitted shall have the same force and effect as if originally taken and produced in the suit. R. S. 4915; February 9, 1893, c. 74, § 9, 27 Stat. 436; March 2, 1927, c. 273, § 11, 44 Stat. 1336; March 2, 1929, c. 488, § 2 (b), 45 Stat. 1476; August 5, 1939, c. 451, § 4, 53 Stat. 1212.

R. S. 4894 (35 U. S. C. A. Sec. 37).

All applications for patents shall be completed and prepared for examination within six months after the filing of the application, and in default thereof, or upon failure of the applicant to prosecute the same within six months or such shorter time, not less than thirty days or any extensions thereof, as shall be fixed by the Commissioner of Patents in writing to the applicant after any action therein, of which notice shall have been given to the applicant, they shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner of Patents that such delay was unavoidable. No application shall be regarded as abandoned which has become the property of the Government of the United States and with respect to which the head of any department of the Government shall have certified to the Commissioner of Patents, within a period of three years, that the invention disclosed therein is important to the armament or defense of the United States. Within ninety days, and not less than thirty days, before the expiration of any such three-year period the Commissioner of Patents shall, in writing, notify the head of the department interested in any pending application for patent, of the approaching expiration of the three-year period within which any application for patent shall have been pending. R. S. 4894; Mar. 3, 1897, c. 391, § 4, 29 Stat. 693; July 6, 1916, c. 225, § 1, 39 Stat. 348; Mar. 2, 1927, c. 273, § 1, 44 Stat. 1335; Aug. 7, 1939, c. 568, 53 Stat. 1264.

WATERMAN v. MACKENZIE, 138 U. S. p. 252.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

An agreement, by which the owner of a patent for an invention grants to another person "the sole and exclusive right and license to manufacture and sell" the patented article throughout the United States, (not expressly authorizing him to use it) is not an assignment, but a license, and gives the licensee no right in his own name to sue a third person, at law or in equity, for an infringement of the patent.

The mortgagee of a patent, by assignment recorded within three months from its date in the patent office, is the party entitled (unless otherwise provided in the mortgage) to maintain a bill in equity against an infringer of the patent.

This was a bill in equity, filed April 24, 1886, against James A. Mackenzie and Samuel R. Murphy, by Lewis E. Waterman, claiming to be the sole and exclusive owner of a patent granted to him by the United States on February 12, 1884, for an improvement in fountain pens, and of the invention thereby secured; alleging an infringement thereof by the defendants; and praying for an injunction, a discovery, an account of profits and damages.

The defendants filed a plea, which alleged that the plaintiff, at the time of filing the bill, was not possessed, either of the patent, or of an exclusive right under it to the whole or any specified part of the United States; for that certain assignments in writing under seal of the patent and invention, from the plaintiff to Sarah E. Waterman, his wife, from her to the firm of Asa L. Shipman's Sons, and from that firm to Asa L. Shipman, were made by the parties thereto, and were recorded in the Patent Office, at

the dates stated below, and that Shipman continued to be possessed of the patent and invention until and including the time of the filing of the bill.

The plaintiff filed a general replication. At the hearing on the issue thus joined, the following instruments, executed in New York by and between citizens of that State, were duly proved:

1st. An assignment, made February 13, 1884, and recorded March 27, 1884, from Lewis E. Waterman, the plaintiff, to Sarah E. Waterman, his wife, of the whole patent and invention.

2d. A "license agreement," made between Mr. and Mrs. Waterman on November 20, 1884, and never recorded, by which she granted to him "the sole and exclusive right and license to manufacture and sell fountain penholders containing the said patented improvement throughout the United States", and he agreed to pay her "the sum of twenty-five cents as a license fee upon every fountain penholder so manufactured by him."

3d. An assignment, made November 25, 1884, and recorded November 29, 1884, from Mrs. Waterman to the firm of Asa L. Shipman's Sons, of the whole patent and invention, expressed to be made in consideration of the payment of the sum of $6500.00 and containing this provision: "The consideration of this assignment is, that whereas the said Lewis E. Waterman and the said Sarah E. Waterman have, on this 25th day of November, 1884, made a joint note of hand for the sum of $6500.00, payable to the said Asa L. Shipman's Sons three years from this date, with interest at six per cent; now, if the said Lewis E. Waterman and myself, or either of us, shall well and truly pay the said note, according to its tenor, then this assignment and transfer shall be null and void, otherwise to be and remain in full force and effect." It also contained covenants of full right to assign, and against all incumbrances, "except a license to the said Lewis E. Waterman to manufacture and

sell pens'' under the patent, being the license above mentioned.

4th. An assignment, made November 25, 1884, in consideration of the payment of the sum of $6500.00, and recorded November 29, 1884, from the firm of Asa L. Shipman's Sons to Asa L. Shipman, of all the right and title acquired by the assignment made to them by Mrs. Waterman, as well as the promissory note thereby secured.

5th. An assignment, made April 16, 1886, and recorded April 22, 1886, from Mrs. Waterman to the plaintiff, of all her right, title and interest in the patent and invention, and all her claims or causes of action for the infringement of the patent, and rights to damages or profits by reason thereof.

The Circuit Court allowed the plea, for reasons stated in its opinion, as follows: ''The transfer to Asa L. Shipman is in language so emphatic and exact that there is little opportunity for misapprehension. It matters not what the instrument is called. It matters not that it may be defeated by the payment of $6500.00 on November 25, 1887. The fact remains that by virtue of this assignment or mortgage the title to the patent was, on April 24, 1886, when this action was commenced, outstanding in Asa L. Shipman. If it was not absolute, it was a present, existing title, defeasible upon a condition subsequent. On April 16, 1884, therefore, when Sarah E. Waterman assigned all her right, title and interest to the complainant, she had nothing to assign which could at all change the legal status of the parties. She could not vest a clear title to the patent in the complainant, for the obvious reason that she had previously disposed of it and did not own it. The agreement of November 20, 1884, being a license and nothing more, does not enable the complainant to maintain this action without joining the holder of the legal title. The suggestion that, irrespectively of the Shipman assignment, the complainant is entitled to prosecute for infringements alleged to have occurred between February 12 and November 25, 1884, is

equally unavailing; for, assuming such a right of action to exist, it could only be maintained on the law and not on the equity side of the court. The plea is allowed. The complainant may amend, upon payment of costs, within ten days." 29 Fed. Rep. 316.

The plaintiff not having filed an amended bill within the ten days, a final decree was entered dismissing his bill, with costs, and he appealed to this court.

Opinion of the Court.

Mr. Justice Gray, after stating the case as above, delivered the opinion of the court.

Every patent issued under the laws of the United States for an invention or discovery contains "a grant to the patentee, his heirs and assigns, for the term of seventeen years, of the exclusive right to make, use and vend the invention or discovery throughout the United States and the Territories thereof." Rev. Stat. § 4884. The monopoly thus granted is one entire thing, and cannot be divided into parts, except as authorized by those laws. The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st, the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or, 2d, an undivided part or share of that exclusive right; or, 3d, the exclusive right under the patent within and throughout a specified part of the United States. Rev. Stat. § 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly within the assignor; in the first and third cases, in the name of the assignee alone. Any assignment or transfer, short of one of these, is a mere license, giving the licensee no title in the patent, and no right to sue at law in his own name for an infringement. Rev. Stat.

§ 4919; Gayler v. Wilder, 10 How. 477, 494, 495; Moore v. Marsh, 7 Wall. 515. In equity, as at law, when the transfer amounts to a license only, the title remains in the owner of the patent; and suit must be brought in his name, and never in the name of the licensee alone, unless that is necessary to prevent an absolute failure of justice, as where the patentee is the infringer, and cannot sue himself. Any rights of the licensee must be enforced through or in the name of the owner of the patent, and perhaps, if necessary to protect the rights of all parties, joining the licensee with him as plaintiff. Rev. Stat. § 4921. Littlefield v. Perry, 21 Wall. 205, 223; Paper Bag Cases, 105 U. S. 766, 771; Birdsell v. Shaliol, 112 U. S. 485-487. And see Renard v. Levinstein, 2 Hem. & Mil. 628.

Whether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions. For instance, a grant of an exclusive right to make, use and vend two patented machines within a certain district, is an assignment, and gives the grantee the right to sue in his own name for an infringement within the district, because the right, although limited to making, using and vending two machines, excludes all other persons, even the patentee, from making, using or vending like machines within the district. Wilson v. Rousseau, 4 How. 646, 686. On the other hand, the grant of an exclusive right under the patent within a certain district, which does not include the right to make, and the right to use, and the right to sell, is not a grant of a title in the whole patent right within the district, and is therefore only a license. Such, for instance, is a grant of "the full and exclusive right to make and vend" within a certain district, reserving to the grantor the right to make within the district, to be sold outside of it. Gayler v. Wilder, above cited. So is a grant of "the exclusive right to make and use," but not to sell, patented machines within a certain district. Mitchell v. Hawley, 16 Wall. 544. So is an instrument

granting "the sole right and privilege of manufacturing and selling" patented articles, and not expressly authorizing their use, because, though this might carry by implication the right to use articles made under the patent by the licensee, it certainly would not authorize him to use such articles made by others. Hayward v. Andrews, 106 U. S. 672. See also Oliver v. Rumford Chemical Works, 109 U. S. 75.

An assignment of the entire patent, or of an undivided part thereof, or of the exclusive right under the patent for a limited territory, may be either absolute, or by way of mortgage and liable to be defeated by non-performance of a condition subsequent, as clearly appears in the provision of the statute, that "an assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration without notice, unless it is recorded in the Patent Office within three months from the date thereof." Rev. Stat. § 4898.

Before proceeding to consider the nature and effect of the various instruments given in evidence at the hearing in the Circuit Court, it is fit to observe that (as was assumed in the argument for the plaintiff) by the law of the State of New York, where all the instruments were made and all the parties to them resided, husband and wife are authorized to make conveyances and contracts of and concerning personal property to and with each other, in the same manner and to the same effect as if they were strangers. Armitage v. Mace, 96 N. Y. 538; Adams v. Adams, 91 N. Y. 381.

By the deed of assignment of February 13, 1884, the plaintiff assigned to Mrs. Waterman the entire patent right. That assignment vested in her the whole title in the patent, and the exclusive right to sue, either at law or in equity, for its subsequent infringement.

The next instrument in order of date is the "license agreement" between them of November 20, 1884, by which she granted to him "the sole and exclusive right and li-

cense to manufacture and sell fountain penholders containing the said patented improvement throughout the United States." This did not include the right to use such penholders, at least if manufactured by third persons, and was therefore a mere license, and not an assignment of any title, and did not give the licensee the right to sue alone, at law or in equity, for an infringement of the patent. Gayler v. Wilder, Paper Bag Cases and Hayward v. Andrews, above cited. The plaintiff not having amended his bill, pursuant to the leave granted by the Circuit Court, by joining the licensor as a plaintiff, this point requires no further notice.

Nor is it doubted that the Circuit Court rightly held that, if the plaintiff was entitled to recover only for infringements occurring between February 12 and November 25, 1884, his remedy was at law. Root v. Railway Co., 105 U. S. 189.

The remaining question in the case, distinctly presented by the plea, and adjudged by the Circuit Court, is of the effect of the deed of November 25, 1884, by which Mrs. Waterman assigned to the firm of Asa L. Shipman's Sons all her right, title and interest in the invention and the patent, with an express provision that the assignment should be null and void if she and her husband, or either of them, should pay at maturity a certain promissory note of the same date made by them and payable to the grantees. This instrument, being a conveyance made to secure the payment of a debt, upon condition that it should be avoided by the subsequent payment of that debt at a time fixed, was a mortgage, in apt terms and in legal effect. Conard v. Atlantic Ins. Co., 1 Pet. 386, 446, 447. On the same day, the mortgagees assigned by deed to Asa L. Shipman all their title under the mortgage, and the promissory note thereby secured. Both assignments were recorded in the Patent Office within three months after their date; and the title thereby acquired by Shipman was outstanding in him at the times of the subsequent assignment of the patent right

by Mrs. Waterman to the plaintiff, and of the filing of this bill. This last assignment was therefore subject to the mortgage, though not in terms so expressed.

By a mortgage of personal property, differing in this respect from a pledge, it is not merely the possession or a special property that passes; but, both at law and in equity, the whole title is transferred to the mortgagee, as security for the debt, subject only to be defeated by performance of the condition, or by redemption on bill in equity within a reasonable time; and the right of possession, when there is no express stipulation to the contrary, goes with the right of property. Story on Bailments, § 287; Story Eq. Jur. §§ 1030, 1031; Conard v. Atlantic Ins. Co., 1 Pet. 386, 441; Casey v. Cavaroc, 96 U. S. 467, 477; Boise v. Knox, 10 Met. 40, 43; Brackett v. Bullard, 12 Met. 308, 310.

A mortgage of real estate has gradually, partly by the adoption of rules of equity in courts of common law, and partly by express provisions of statute, come to be more and more considered as a mere security for the debt, creating a lien or incumbrance only, and leaving the title in the mortgagor, subject to alienation, levy on execution, dower and other incidents of a legal estate; but the rules upon the subject vary in different States; and a mortgage is everywhere considered as passing the title in the land, so far as may be necessary for the protection of the mortgagee, and to give him the full benefit of his security. Stelle v. Carroll, 12 Pet. 201; Van Ness v. Hyatt, 13 Pet. 294; Hutchins v. King, 1 Wall. 53, 58; Brobst v. Brock, 10 Wall. 519, 529, 530. After the mortgagee has taken possession, the mortgagor has no power to lease; and the mortgagee is entitled to have, and is bound to account for, the accruing rents and profits, damages against trespassers, timber cut on the premises, and growing crops. Keech v. Hall, 1 Doug. 21; Turner v. Cameron's Coalbrook Co., 5 Exch. 932; Dawson v. Johnson, 1 Fost. & Finl. 656; Fairclough v. Marshall, 4 Ex. D. 37, 47, 49; Scruggs v. Memphis &c. Railroad, 108 U. S. 368, 375; Teal v. Walker,

111 U. S. 242, Hutchins v. King, above cited; Gore v. Jenness, 19 Maine, 53; Bagnall v. Villar, 12 Ch. D. 812. Even against a mortgagor in possession, the mortgagee may obtain an injunction or damages for such cutting of timber as tends to impair the value of the mortgage security, or as is not allowed by good husbandry or by express or implied license from the mortgagee. Robinson v. Litton, 3 Atk. 209, 210; Farrant v. Lovel, 3 Atk. 723; Hampton v. Hodges, 8 Ves. 105; Humphreys v. Harrison, 1 Jac. & Walk 581; King v. Smith, 2 Hare, 239; Kountz v. Omaha Hotel Co., 107 U. S. 378, 395; Verner v. Betz, 1 Dickinson (46 N. J. Eq.) 256, 267, 268; Page v. Robinson, 10 Cush. 99; Searle v. Sawyer, 127 Mass. 491; Waterman v. Matteson, 4 R. I. 539.

A mortgagee of a leasehold or other personal property has the like right to an injunction to stay waste by the mortgagor. Farrant v. Lovel, above cited; Brown v. Stewart, 1 Maryland Ch. 87; Parson v. Hughes, 12 Maryland, 1. The right of action against a stranger for an injury to goods mortgaged, generally, though not always, depends upon the right of possession. When the right of possession is in the mortgagor, he is usually the proper party to sue. Sellick v. Smith, 11 J. B. Moore, 459, 475; Brierly v. Kendall, 17 Q. B. 937; Luse v. Jones, 10 Vroom (39 N. J. Law) 707; Copp v. Williams, 135 Mass. 401. But even a mortgagee out of possession may sometimes maintain an action for an injury to his interest. Gooding v. Shea, 103 Mass. 360; Manning v. Monaghan, 23 N. Y. 539, and 28 N. Y. 585; Woodside v. Adams, 11 Vroom (40 N. J. Law) 417, 421, 422. And when the right of possession, as well as the general right of property, is in the mortgagee, the suit must be brought by the mortgagee, and not by the mortgagor or any one claiming under a subsequent conveyance from him. Conard v. Atlantic Ins. Co., 1 Pet. 386; Wood v. Weimar, 104 U. S. 786; Clapp v. Campbell, 124 Mass. 50; Watson v. Macquire, 5 C. B. 836, 844. When it is provided by statute that a mortgage of

personal property shall not be valid against third persons, unless the mortgage is recorded, a recording of the mortgage is a substitute for, and (unless in case of actual fraud) equivalent to, a delivery of possession, and makes the title and the possession of the mortgagee good against all the world. Aldrich v. Aetna Ins. Co., 8 Wall. 491, 497; Robinson v. Elliott, 22 Wall. 513, 521; Bullock v. Williams, 16 Pick. 33; Coles v. Clark, 3 Cush. 399, 401.

A patent right is incorporeal property, not susceptible of actual delivery or possession; and the recording of a mortgage thereof in the Patent Office, in accordance with the act of Congress, is equivalent to a delivery of possession, and makes the title of the mortgagee complete towards all other persons, as well as against the mortgagor. The right conferred by letters patent for an invention is limited to a term of years; and a large part of its value consists in the profits derived from royalties and license fees. In analogy to the rules governing mortgages of lands and of chattels, and with even stronger reason, the assignee of a patent by a mortgage duly recorded, whose security is constantly wasting by the lapse of time, must be held (unless otherwise provided in the mortgage) entitled to grant licenses, to receive license fees and royalties, and to have an account of profits or an award of damages against infringers. There can be no doubt that he is "the party interested, either as patentee, assignee or grantee," and as such entitled to maintain an action at law to recover damages for an infringement; and it cannot have been the intention of Congress that a suit in equity against an infringer to obtain an injunction and an account of profits, in which the court is authorized to award damages, when necessary to fully compensate the plaintiff, and has the same power to treble the damages as in an action at law, should not be brought by the same person. Rev. Stat. §§ 4919, 4921; Root v. Railway Co., 105 U. S. 189, 212.

The necessary conclusion appears to us to be that Shipman, being the present owner of the whole title in the patent under a mortgage duly executed and recorded, was the person, and the only person, entitled to maintain such a bill as this; and that the plea, therefore, was rightly adjudged good.

In the light of our legislation and decisions, no weight can be given to the case of Van Gelder v. Sowerby Bridge Society, 44 Ch. D. 374, in which, upon pleadings and facts similar to those now before us, the mortgagor of a patent was treated as a mortgagor in possession, and was allowed to maintain a suit for infringement, under the provisions of the English Judicature Act of 1873 and Patent Act of 1883. Stats. 36 & 37 Vict. c. 66, § 25; 46 & 47 Vict. c. 57, §§ 23, 46, 87.

Whether, in a suit brought by the mortgagee, the court, at the suggestion of the mortgagor, or of the mortgagee, or of the defendants, might, in its discretion, and for the purpose of preventing multiplicity of suits or miscarriage of justice, permit or order the mortgagor to be joined, either as a plaintiff or as a defendant, need not be considered, because no such question is presented by this record.

Decree affirmed.

Mr. Justice Brown, not having been a member of the court when this case was argued, took no part in its decision.

FILE COPY

Office-Supreme Court, U.
FILED
JAN 21 1949
CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

October Term, 1948.

No. 483.

DIXIE CUP COMPANY,
Petitioner,

v.

PAPER CONTAINER MFG. COMPANY,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

THOMAS COOCH,
212 Delaware Trust Building,
Wilmington 28, Delaware,
Attorney for Respondent.

FRANKLIN M. WARDEN,
CASPER W. OOMS,
Of Counsel for Respondent.

International, 236 Chestnut St., Phila. 6, Pa.

INDEX.

	Page
JURISDICTIONAL STATEMENT	1
SUMMARY OF ARGUMENT	2
ARGUMENT	3
A. Regardless of the Status of R. F. C., Respondent Was an Indispensible Party Plaintiff and the Only Real Party in Interest, and Had Sufficient Rights Under the Terms of the Assignment to Enable It to File This Suit, Although Perhaps the Suit Could Not Go Forward Until R. F. C. Had Been Joined	3
B. The Provisions of R. S. 4915 Have Been Fully Complied With, Even Assuming Such Provisions to Be Jurisdictional	6
C. Petitioner's Several Reasons or Points of Its Argument Are Not Sound or Do Not Bear on the Question Presented	8
CONCLUSION	15

TABLE OF CASES CITED.

	Page
Biedler v. Photostat Corporation, 10 F. Supp. 628	14
Forsyth v. Hammond, 166 U. S. 506	1
Gandy v. Marble, 122 U. S. 432	13, 14
Hughes v. Edwards, 9 Wheat. 489	3
Mas v. The Coca-Cola Company, 163 F. (2d) 505	11
Missouri, K. & T. R. Co. v. Wulf, 226 U. S. 570	13
Nachod & U. S. Signal Co. v. Automatic Signal Corporation, 105 F. (2d) 981	7
Overman Cushion Tire Co., Inc., et al. v. Goodyear Tire and Rubber Co., Inc., 59 F. (2d) 998; cert. den, Kelly-Springfield Tire Co. v. Overman, 287 U. S. 651	10
Parker Rust-Proof Co. v. Western Union Telegraph Co., 105 F. (2d) 976	8
Root v. Lake Shore & M. S. R. Co., 105 U. S. 189, 212	10
Sheilds v. Barrow, 17 How. 130	6
Spiller v. Atchison, T. & S. F. R. Co., 253 U. S. 117	1
Waterman v. Mackenzie, 138 U. S. 252	4, 9, 10

STATUTES AND AUTHORITIES CITED.

	Page
Dobie, Federal Procedure, Sec. 16, p. 28	8
Judicial Code, Section 240 (a) as amended (28 U. S. C. Sec. 347)	1
Title 28 U. S. C., Sec. 1919	8
Title 28 U. S. C., Sec. 1254 (Chapter 646, Public Law 773, 80th Congress, Approved June 25, 1948)	1
R. S. 4915 [35 U. S. C. § 63]	2, 3, 5, 6, 8, 12, 15

JURISDICTIONAL STATEMENT.

Petitioner states (P. B. 4) that the jurisdiction of this Court is invoked under Section 240 (a) of the Judicial Code, as amended (28 U. S. C. Sec. 347). It is believed by respondent that petitioner intended to invoke the provisions of Title 28, United States Code, Section 1254 (Chapter 646, Public Law 773, 80th Congress, Approved June 25, 1948).

While the cases cited by petitioner as believed to sustain jurisdiction do not do so, respondent believes that this Court does have jurisdiction under such cases as:

Spiller v. Atchison, T. & S. F. R. Co., 253 U. S. 117;
Forsyth v. Hammond, 166 U. S. 506.

These cases granted writs of certiorari where the decrees of the respective Courts of Appeals were, as in this case, not final decrees. However, they serve to point out that the power of this Court to review non-final decrees of Courts of Appeals is to be exercised only in "extraordinary cases" and that the fact that the decree sought to be reviewed is not final may, of itself alone, furnish sufficient ground for the denial of the application.

SUMMARY OF ARGUMENT.

While petitioner has set forth eight questions as being those arising because of the decision of the Court of Appeals for the Third Circuit, respondent believes that they may be restated as the following single question:

Must Reconstruction Finance Corporation, as the assignee of an unsuccessful application for Letters Patent, be joined as a party *plaintiff* in a suit under R. S. 4915 [35 U. S. C. § 63] within six months after an adverse decision of the Board of Interference Examiners where such suit otherwise was properly filed within that time by the assignor, where the assignment was made solely for the purpose of securing a loan, and where substantial rights were retained by (or reassigned to) the assignor?

Petitioner contends in effect that this question should have been answered in the affirmative.

Respondent urges that the Court of Appeals for the Third Circuit correctly answered this question in the negative.

Respondent first will affirmatively show that the Court of Appeals for the Third Circuit was correct in reaching the result that petitioner complains of. Following that, respondent will briefly point out the fallacy contained in each of petitioner's reasons or points of its argument.

Respondent's argument may be summarized as follows:

A. Regardless of the status of R. F. C., respondent was an indispensible party plaintiff and the only real party in interest, and had sufficient rights under the terms of the assignment to enable it to file this suit, although perhaps the suit could not go forward until R. F. C. had been joined.

B. The provisions of R. S. 4915 have been fully complied with, even assuming such provisions to be jurisdictional.

C. Petitioner's several reasons or points of its argument are not sound or do not bear on the question presented.

ARGUMENT.

A. Regardless of the Status of R. F. C., Respondent Was an Indispensible Party Plaintiff and the Only Real Party in Interest, and Had Sufficient Rights Under the Terms of the Assignment to Enable It to File This Suit, Although Perhaps the Suit Could Not Go Forward Until R. F. C. Had Been Joined.

At the outset of its argument, respondent wishes to point out that a suit under R. S. 4915 [35 U. S. C. § 63] is of an equitable nature, made so by the terms of the statute itself: "* * * the applicant * * * may have remedy by bill in equity * * *." Petitioner apparently agrees (P. B. 26).

"A court of equity looks at the real object and intention of the conveyance * * *" *Hughes v. Edwards*, 9 Wheat. 489, 495.

To determine the status and nature as a party of respondent, it is necessary to examine the provisions of the assignment executed by respondent to R. F. C. (R. 12-21) just as the Court of Appeals did (R. 47-51). Such an examination discloses:

That the assignment was a defeasible one made for the purpose of securing a loan (R. 13, 14).

That respondent retained, by Reservation (a) (R. 14-15), "a personal non-exclusive, non-assignable and royalty-free right and license * * * to make, use and vend the subject matter of * * * [the] applications for Letters Patent and patents issuing thereon * * *."

That respondent retained the right, by Reservation (b) (R. 15), to bring suits for infringement of the Letters Patent "in the name of [respondent] and of R. F. C."

That under Reservation (c) (R. 15), "no other license under said Letters Patent, applications for Letters Patent, or any of them, shall be granted by R. F. C. to any other party or parties to engage in the manufacture or sale of products or articles or the use of methods or processes

directly competitive with the products, articles and methods of [respondent] without the approval in writing of the [respondent]."

That by Covenant 5 (R. 17), respondent specifically agreed and covenanted with R. F. C. "at [respondent's] own expense diligently to prosecute all said applications for Letters Patent now owned or hereafter acquired by it, in the United States Patent Office and Appellate Tribunals, to pay the final fees and other disbursements in connection therewith, and not to permit any abandonment of said applications without the written consent of R. F. C."

That by Covenant 6 (R. 17), respondent must, "upon the request of R. F. C., give to R. F. C. or the attorneys and representatives selected by it, power to inspect the files of any such applications in the United States Patent Office, and shall upon request of R. F. C. furnish copies of papers filed or to be filed in any of said applications, and shall give associate powers of attorney to attorneys selected by R. F. C. to prosecute such applications in the United States Patent Office and all Appellate Tribunals to a final conclusion. Any expense incurred by R. F. C. in the prosecution of any of said applications shall be charged against the [respondent]."

It seems abundantly clear to respondent that the Court of Appeals for the Third Circuit had strong and sufficient bases for finding in its Opinion:

a. "* * * We cannot say, as [petitioner] contends, that under *Waterman v. Mackenzie,* 138 U. S. 252, that [respondent] is a mere non-exclusive licensee under the Hulseman application and for that reason had no right to institute the action at bar or that R. F. C. is the only real party in interest, an indispensible party that alone was entitled to institute and maintain the instant suit. The Supreme Court in the *Waterman* case recognized that the assignor of a patent by an assignment couched in general terms consummates an act 'equivalent to delivery of possession' of corporeal property and makes the title of the assignee

'complete towards all other persons, as well as against' the assignor, but the Court added the qualifying phrase 'unless otherwise provided in the mortgage.' 138 U. S. at p. 260. The qualifications in the assignment in the case at bar are substantial and, in our opinion, are sufficient to constitute [respondent] as a real party in interest, an indispensible party." (R. 51-52.)

b. "* * * Although the license reserved to [respondent] is designated in the assignment as a 'non-exclusive license', it is a good deal more than that and comes close to being an exclusive license, defeasible only by [respondent's] failure to repay the loan in accordance with its terms or to observe the other covenants of the assignment." (R. 49.)

c. "The indication is clear that both R. F. C. and [respondent] understood and agreed that [respondent] should prosecute the Hulseman application to a final conclusion." (R. 51.)

d. "* * * It was the intention of the parties to include a district court of the United States sitting 'in review' of the refusal of the Patent Office to grant a patent in an R. S. § 4915 proceeding within the phrase *appellate tribunals* as used in the covenants." (R. 50.)

e. "* * * It makes no legal difference to [petitioner] whether [respondent] or R. F. C. is the real and therefore indispensible party in interest or whether both are real and indispensible parties. Upon answer filed and hearing [petitioner] will have its day in court and whether a patent be issued to [respondent] or to R. F. C. or to both of them, if any patent can issue on the Hulseman application, is a matter of no legal import to [petitioner]." (R. 56.)

It is to be noted that the Court of Appeals failed to find that R. F. C. was "a real party in interest," and stated (R. 52) (without showing its reasoning) that both respondent and R. F. C. are indispensible parties.

An indispensible party is one who not only has an interest in a controversy, but an interest of such a nature that a final decree cannot be made without either affecting

that interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. *Sheilds v. Barrow,* 17 How. 130, 139.

R. F. C. was joined as a party plaintiff after its consent thereto had been obtained (R. 27) because of the possibility that R. F. C., being the holder of legal or record title to the application, might be considered to be an indispensible party. While respondent believes and argued in the Court of Appeals that R. F. C. was only a "necessary party," as that term is defined in *Sheilds v. Barrow, supra,* respondent had no wish to insist on a technical position or to delay the progress of the action. If the absence of R. F. C. as a party plaintiff would obstruct the action from going forward, respondent quite naturally wanted to remove that obstruction.

B. The Provisions of R. S. 4915 Have Been Fully Complied With, Even Assuming Such Provisions to Be Jurisdictional.

In pertinent part, R. S. 4915 (35 U. S. C. § 63) provides:

> "* * * Whenever any applicant is dissatisfied with the decision of the board of interference examiners, the applicant * * * may have remedy by bill in equity, if filed within six months after such refusal or decision; and the court having cognizance thereof, on notice to adverse parties and other due proceedings had, may adjudge that such applicant is entitled, according to law, to receive a patent for his invention * * *."

Petitioner's counsel has conceded (R. 23) and the Court of Appeals decided (R. 53) that R. F. C. is not an "adverse party."

Petitioner argues that petitioner has no right to sue; that R. F. C. is the real party in interest; that R. F. C. is an indispensible party and the only one which can sue (R. 23).

Stated another way, petitioner's contention is that since the only person (from petitioner's view) entitled to bring suit did not do so within six months, the suit brought by respondent was a nullity and the joinder thereafter of the person so entitled could not have a retroactive effect (P. B. 11).

Respondent's first answer to this argument is that the premises are false, that it, respondent, being the real party in interest and an indispensible party, had the full right to bring this suit, and did so within the allotted six months. [See section A of this Argument.]

Respondent's second answer to this argument is that R. S. 4915 is not applicable where a missing indispensible party is not an "adverse party." For the purposes of this brief, respondent invites the Court's attention to the provisions of the section and, additionally, states that it has not been able to find any case which holds the statute applicable under such circumstances. All of the cases either deal with missing indispensible parties defendant—adverse parties—or go off on the question of who is the indispensible party, the real party in interest.

Respondent's third answer is that even assuming R. S. 4915 to be applicable, it nevertheless is not "jurisdictional" —in other words, it does not *forbid* the addition of a missing indispensible party after six months have elapsed, it does not even require notice to adverse parties within that time. Again attention of the Court is directed to the provisions of the section, with the suggestion that they are directory rather than mandatory. There are several cases decided by Courts of Appeal or by District Courts which *state* that the provisions are jurisdictional. All of these cases, however, deal with missing indispensible parties defendant and all may be explained or distinguished on general equitable principles.

Two cases, decided by the same Court of Appeals (Second Circuit) within a span of four months, will suffice to

illustrate this point. The cases are *Nachod & U. S. Signal Co. v. Automatic Signal Corporation,* 105 F. (2d) 981, and *Parker Rust-Proof Co. v. Western Union Telegraph Co.,* 105 F. (2d) 976. The former refused to permit the joining of a missing indispensible party defendant on the basis that the section is jurisdictional, while the latter did permit such joining on the basis that a court of equity would not permit "the rule respecting indispensible parties" to be applied "as to defeat the very purposes of justice." The case first cited was the later one to be decided, but the earlier decision apparently was not later qualified, in fact the Court of Appeals indicated it would make the same ruling again under the same circumstances (extremely inequitable conduct on the part of the missing indispensible party).

However, jurisdiction of a federal court cannot be created by inequitable conduct, or by estoppel. The only power possessed by a court without jurisdiction is to dismiss the action. Title 28 U. S. C., Sec. 1919; *Dobie, Federal Procedure,* Sec. 16, p. 28. The failure of the court to dismiss in the *Parker* case clearly demonstrates its holding that the six months provision is not jurisdictional. The two apparently divergent holdings can be explained on the basis that, on general equitable principles, the court exercised its discretion one way in one case and the other way in the other.

C. Petitioner's Several Reasons or Points of Its Argument Are Not Sound or Do Not Bear on the Question Presented.

As suggested by respondent in its Summary of Argument (*supra,* p. 2), only one question is raised by the decision of the Court of Appeals:

Must R. F. C., as the assignee of an unsuccessful application for Letters Patent, be joined as a party *plaintiff*

in a suit under R. S. 4915 within six months after an adverse decision of the Board of Interference Examiners where such suit otherwise was properly filed within that time by the assignor, where the assignment was made solely for the purpose of securing a loan, and where substantial rights were retained by (or reassigned to) the assignor?

Petitioner says "yes"; respondent says "no".

Petitioner has advanced several reasons why this Court should grant its petition for a Writ of Certiorari. Respondent will, seriatim, comment briefly on each of these reasons:

Petitioner's Reason 1 (P. B. 10-13):

In substance, this reason is that the Court of Appeals disregarded the jurisdictional nature of R. S. 4915 and is founded on the premises that respondent did not have sufficient interest in the application to bring this suit and that the section is applicable where the missing indispensible party is not an "adverse party"—a party defendant. Respondent has already answered each of these contentions.

The cases cited to this reason are all distinguishable in that they all involved missing parties defendant, adverse in interest to the plaintiff.

Petitioner's Reason 2 (P. B. 13-17):

In substance, this reason is that the Court of Appeals erred in its interpretation of the assignment when it found that respondent was the real party in interest and an indispensible party. Respondent has already shown that the Court of Appeals has good and sufficient bases for finding as it did (*supra*, pp. 3-5).

Waterman v. Mackenzie, supra, while distinguishable because it was a suit for infringement in which legal, rather than equitable, principles were applied (page 260 of 138

U. S.),[1] was recognized as a leading case by the Court of Appeals. The Court of Appeals quite properly saw that the instant suit fitted into the exception stated in the *Waterman* case that its rule applied "• • • unless otherwise stated in the mortgage • • •" (R. 52).

Petitioner's Reason 3 (P. B. 17-21):

In substance, this reason is that the decision of the Court of Appeals is in conflict with the decision of this Court in *Waterman v. Mackenzie, supra,* and with a decision of the Court of Appeals for the Second Circuit.

The *Waterman* case has been distinguished by respondent in its answer to petitioner's reason 2, above. The Second Circuit case, *Overman Cushion Tire Co., Inc., et al. v. Goodyear Tire and Rubber Co., Inc.,* 59 F. (2d) 998; cert. den. *Kelly-Springfield Tire Co. v. Overman,* 287 U. S. 651; was likewise a suit for infringement and likewise was decided on legal, not equitable, principles.

Petitioner's Reason 4 (P. B. 21-24):

In substance, this reason is that the Court of Appeals used faulty reasoning when it considered a mortgage of a patent to be analogous to a mortgage of real estate. It is implicit in this reason of petitioner that the Court of Appeals erred in finding that it was "otherwise provided in the mortgage" that respondent was the real party in interest, an indispensible party.

The discussion of mortgages by the Court in *Waterman v. Mackenzie, supra,* is much more lengthy than petitioner indicates (P. B. 22). The Court devotes about two and one-half pages to the subject (pages 258-260 of 138

1. "There can be no doubt that [the mortgagee] is 'the party interested either as patentee, assignee or grantee,' and as such entitled to maintain an action at law to recover damages for an infringement; and it cannot have been the intention of Congress that a suit in equity against an infringer to obtain an injunction and an account of profits, in which the court is authorized to award damages, when necessary to fully compensate the plaintiff, and has the same power to treble the damages as in an action at law, should not be brought by the same person. R. S. §§ 4919, 4921; *Root v. Lake Shore & M. S. R. Co.,* 105 U. S. 189, 212.

U. S.), and compares the situation of a mortgagee in possession with that of a mortgagee out of possession. The right to bring suit depends generally on the right to possession and this was the background for the holding of the Court that recording of a patent assignment is equivalent to delivery of possession ("unless otherwise provided in the mortgage"). Again, it is pointed out that the *Waterman* case was a suit for infringement under different sections of the patent statutes.

Petitioner's Reason 5 (P. B. 24-27):

In substance, this reason is really three reasons: (1) The Court of Appeals erred in finding that respondent and R. F. C. had agreed, *inter partes,* that respondent was the proper person to bring such a suit as this; (2) The Court of Appeals erred in its construction of the term "any applicant" as used in R. S. 4915; and (3) The decision of the Court of Appeals in this suit is in conflict with a decision of the Court of Appeals for the Fourth Circuit.

(1) Respondent has already shown (*supra,* pp. 3-5) that the Court of Appeals had good and sufficient bases for finding as it did (R. 50-51).

(2) The Court of Appeals did not have the benefit of briefs of counsel on this point. While petitioner may be correct in the construction it suggests, the Court of Appeals expressly made its own construction an alternative basis for reaching a result later reached on other grounds (R. 54-55).

(3) The Fourth Circuit case, *Mas v. The Coca-Cola Company,* 163 F. (2d) 505, held that a R. S. 4915 suit was subject to the incidents and limitations of an "ordinary" equity suit (specifically, "unclean hands" but, presumably, including the Rules of Civil Procedure). Respondent agrees, and so did the Court of Appeals for the Third Circuit (R. 55). There is no conflict here.

Petitioner's Reason 6 (P. B. 28-31):

In substance, this reason is that the Court of Appeals improperly decided that R. S. 4915 applied only to missing indispensible parties defendant and that this is an important question of Federal Law which has not been, but should be, decided by this Court. Respondent earlier in this brief (p. 7) has given the argument opposed to the applicability of the statute to missing indispensible parties plaintiff.

While this question may be important to petitioner, it is not important from the point of view of this Court because, although the section has been in force for many years, the question has never before been raised, as far as the reported decisions indicate, and none are cited by petitioner. All of the cases involve missing indispensible parties defendant, none involve missing indispensible parties plaintiff.

Petitioner's Reason 7 (P. B. 31-37):

In substance, this reason is that the Court of Appeals "has gone so far astray from the accepted course of judicial proceedings" that this Court should exercise its supervisory powers and give a decision to clarify the situation. Four examples, denominated by petitioner (a), (b), (c) and (d), are given. These will be commented on separately:

(a) The Court of Appeals "contradicted itself" by assuming R. S. 4915 to be jurisdictional and then holding that it did not apply so as to prevent R. F. C.'s joinder after six months. Respondent suggests that this is normal efficient judicial technique. When a party advances what the court considers an immaterial argument, there is no point in deciding the validity of the argument as though it were material—the better way is to "confess and avoid", by analogy with common law pleading.

(b) The Court of Appeals "ignored settled law" as to when an amendment dates back to the filing of the original complaint. Respondent concedes that this is true, in the sense that the court's opinion is silent on the subject.

Petitioner ignores this Court's case of *Missouri, K. & T. R. Co. v. Wulf,* 226 U. S. 570, which held that an amendment to the complaint changing the capacity in which plaintiff sued was properly allowed after the running of the statute of limitations. Plaintiff sued in her individual capacity by right of a Kansas statute, whereas her action could legally rest only on the Federal employers' liability act of 1908 which required the action to be brought in the name of the personal representative of the deceased. The Court pointed out that the original complaint sufficiently averred the negligence of the defendant and the damages caused and that the amendment did not introduce any change in substance or set up "any different state of facts *as the ground of action* [emphasis supplied] and therefore it related back to the beginning of the suit" (576).

The Court's attention is invited to pages 28-32 of the Record wherein is set forth the Complaint as amended with deletions and additions indicated. It will be seen that the "ground of action" is contained solely in paragraphs 6 to 11 inclusive and that these were not amended in any respect whatsoever.

(c) The Court "took no cognizance" of R. S. 4894.

In *Gandy v. Marble,* 122 U. S. 432, this Court held that the [then two year] period of R. S. 4894 (the "abandonment" section) applied to suits under R. S. 4915. However, at that time R. S. 4915 did not provide its own limitation, as it does now. The case is not applicable now on that point.

This is simply another way of saying what petitioner has said already: If R. F. C., and not respondent, was the person who should have brought this suit, then R. F. C. has abandoned the application.

Petitioner apparently has misconstrued the holding of the District Court in *Biedler v. Photostat Corporation*, 10 F. Supp. 628, which it cites as relying on *Gandy v. Marble, supra*, to hold an application abandoned. The suit was for infringement and the holding of the court was that some claims were invalid while other claims were not infringed. The complaint was then dismissed on the merits. Furthermore, the language petitioner apparently had in mind (top of column 2, page 632 of 10 F. Supp.) was a statement of what the unsuccessful applicant *might have done* several years before (at a time before R. S. 4915 contained its own limitation) but which he never did attempt to do.

(d) The Court of Appeals "completely disregarded the public interest." Petitioner first says it has a right to know within six months whether the decision of the Board of Interference Examiners is to be final, to which respondent replies that petitioner knew that it might not be as soon as respondent filed this suit—within the six months. Then petitioner says the general public has a right to know when the monopoly of the successful applicant is to end, and to have that be as early as possible, with which respondent agrees.

Petitioner says that over two years and four months have elapsed since the interference decision and "R. F. C. is not yet a party." Of course, that depends on one's point of view—from respondent's point of view R. F. C. became a party on June 9, 1947 (R. 24) only eleven months after the decision of the Board of Interference Examiners (R. 6). Also from respondent's point of view, petitioner has delayed these proceedings over nineteen months by insisting on what respondent considers unsound contentions and what the Court of Appeals called "a matter of no legal import to [petitioner]" (R. 56).

CONCLUSION.

Respondent respectfully submits that the Court of Appeals had good and sufficient bases for holding under the terms of the assignment between respondent and R. F. C. that respondent was the real party in interest and had properly brought this suit within the period permitted by R. S. 4915; that the statute did not prohibit the later joinder of R. F. C. upon its absence from the suit being questioned; and that this case, having been decided on the basis of its own peculiar facts, is not one of general importance which this Court ought to review, there being no conflicting decision by any court in any circuit or by this Court.

THOMAS COOCH,
212 Delaware Trust Building,
Wilmington 28, Delaware,
Attorney for Respondent.

FRANKLIN M. WARDEN,
CASPER W. OOMS,
Of Counsel for Respondent.

Dated at Wilmington, Delaware, January 20, 1949.

INDEX.

	Page
Petition for Rehearing	1
The Court of Appeals Had NO POWER to Instruct the District Court to Add RFC as a Party Plaintiff After the Expiration of the Six Months Period of the Statute	3

TABLE OF CASES CITED.

	Page
Altvater v. Freeman, 319 U. S. 359; 87 L. Ed. 1450	1
Crown Die & Tool Company v. Nye Tool & Machine Works, 261 U. S. 24; 43 S. Ct. 254; 67 L. Ed. 516	6
DeForest v. Collins Wireless Telephone Co., 174 Fed. 821	3
Garfield et al. v. Western Electric Co., Inc., et al., 298 Fed. 659	6
Gayler v. Wilder, 10 How. 477	7
Green v. LeClair, 24 F. (2d) 74	3
The Harrisburg, 119 U. S. 199; 7 S. Ct. 140; 30 L. Ed. 358	4, 6
Pollen et al. v. Ford Instrument Co., Inc., 108 F. (2d) 762	4
United States v. American Bell Telephone Company, 167 U. S. 224; 17 S. Ct. 809; 42 L. Ed. 144	2
United States ex rel. Nitkey v. Dawes et al., 151 F. (2d) 639	5
Waterman v. Mackenzie, 138 U. S. 252; 11 S. Ct. 334; 34 L. Ed. 923	1, 6

IN THE

Supreme Court of the United States.

OCTOBER TERM, 1948.

No. 483.

DIXIE CUP COMPANY,

Petitioner,

v.

PAPER CONTAINER MFG. COMPANY,

Respondent.

PETITION FOR REHEARING OF ORDER ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT.

To the Honorable, the Chief Justice and Associate Justices of the Supreme Court of the United States:

This Petition for Rehearing is brought under the provisions of Rule 33, paragraph 2, of the rules of this Court. Reference is made to the original petition for writ of certiorari and the brief in support of the same. This petition is brought on other substantial grounds available to petitioner but not previously presented.

It is believed that this Honorable Court did not, in its denial of the original petition, fully appreciate the fact that the Court of Appeals, because of its misinterpretation of both the assignment and the Statute, R. S. 4915, *exceeded its power* in instructing the District Court to add RFC as an indispensable party plaintiff after the expiration of the six months statutory period. The Court of Appeals has no power to thus extend the jurisdictional limits of the Statute.

Here, as fully set forth in petitioner's brief, the Court of Appeals not only misinterpreted but directly contravened the decision of this Court in *Waterman v. Mackenzie,* 138 U. S. 252. Yet this Court in *Altvater v. Free-*

man, 319 U. S. 359, granted certiorari on the ground, p. 363:

> "• • • The case is here on a petition for writ of certiorari which we granted because of the apparent misinterpretation by the Circuit Court of Appeals of our decision in *Electrical Fittings Corp. v. Thomas & Betts Co.,* 307 U. S. 241."

The decision of the Court of Appeals for the Third Circuit is so far at variance with both the established law and judicial procedure of this Court, other Courts of Appeals and with the intent of Congress in creating R. S. 4915, that it has occurred to petitioner the Court of Appeals may have placed undue weight on the fact that RFC is a Government agency, rather than an individual. If that was actually the case the Court of Appeals again erred and contravened the decision of this Court in *United States v. American Bell Telephone Company,* 167 U. S. 224, wherein the following appears on pages 267-268:

> "Section 4915, Rev. Stat., authorizes a suit in equity on behalf of an applicant for a patent whose application has been refused. Morgan v. Daniels, 153 U. S. 120, presented a controversy under that section, and in the opinion, on page 124, we said: 'It is a controversy between two individuals over a question of fact which has once been settled by a special tribunal, entrusted with full power in the premises. As such it might be well argued, were it not for the terms of this statute, that the decision of the Patent Office was a finality upon every matter of fact.'
>
> It is true that all these sections refer to proceedings between individuals, but the Government is as much bound by the laws of Congress as an individual, and when Congress has created a tribunal to which it has given exclusive determination in the first instance of certain questions of fact and has specifically provided under what circumstances that determination

> may be reviewed by the courts, the argument is a forcible one that such determination should be held conclusive upon the Government, subject to the same limitations as apply in suits between individuals."

Not taking cognizance of the fact that a patent right is purely a child of statute, and no common law rights ever existed concerning a patent, the Court of Appeals held Paper Container could file an action under R. S. 4915 in its name alone by virtue of its agreement with RFC (R. 51). That is fallacious reasoning. In *Green v. Le Clair,* (C. C. A. 7th) 24 F. (2d) 74, the Court stated, page 77:

> "It is not perceived how a contract between the parties that they shall together consider the bringing of suit against infringers, and, if they are unable to agree, either may proceed at his own expense, could alter the effect of what is otherwise an absolute assignment."

And a good statement of the law on this point occurs in *De Forest v. Collins Wireless Telephone Co.,* 174 Fed. 821 on 823:

> "But the right to sue on a patent is not a matter of contract. A patent right is the creature of the federal law, and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes. Gayler v. Wilder and Waterman v. Mackenzie, supra."

With that thought in mind, we come to the main and real ground of this petition.

The Court of Appeals Had NO POWER to Instruct the District Court to Add RFC as a Party Plaintiff After the Expiration of the Six Months Period of the Statute.

In holding that RFC, an adjudicated indispensable party plaintiff, can now be joined, the Court of Appeals considered the six month provision of R. S. 4915 in the

manner of an ordinary statute of limitations, primarily for the benefit of a defendant, and of the character wherein the running of the statute is tolled by the mere filing of a complaint, and new parties plaintiff or even substitute plaintiffs may be brought in any time thereafter. Such a statute is procedural.

But there are substantive statutes of limitation. Where a statute creates a right and prescribes the time in which action may be brought thereon, it may be so drawn that the time limit is an integral part of the right and the right is extinguished at the expiration of the prescribed time limit. Such is R. S. 4915.

R. S. 4915 provides a remedy by bill in equity, if filed within six months from the decision on an interference.

In considering a substantive statute of this character in *The Harrisburg,* 119 U. S. 199, this Court held on page 214:

> "Time has been made of the essence of the right, and the right is lost if the time is disregarded. The liability and the remedy are created by the same statutes, and the limitations of the remedy are, therefore, to be treated as limitations of the right."

Even fraud on the part of a defendant will not toll a statute of this kind. The Court of Appeals for the Second Circuit so held in *Pollen, et al. v. Ford Instrument Co., Inc.,* 108 F. (2d) 762, on page 763, relying on *The Harrisburg, supra,* as follows:

> "It is a condition on the right, not on the remedy, and it is not subject to the disabilities or excuses by which ordinary statutes of limitation may be avoided by a plaintiff. Peters v. Hanger, 4 Cir., 134 F. 586. Where the time for commencing action is prescribed in the statute which creates the liability and gives the right of action, the time is not extended by reason of fraud or concealment which might work an extension of ordinary statutes of limitation. Bell v. Wabash R. Co.,

8 Cir., 58 F. 2d 569; Bartlett v. Manor, 146 Ind. 621, 45 N. E. 1060; Bement v. Grand Rapids & I. R. Co., 194 Mich. 64, 160 N. W. 424, L. R. A. 1917E, 322; Desmarais v. People's Gas Light Co., 79 N. H. 195, 107 A. 491; Kerley v. Hoehman, 74 Okl. 299, 183 P. 980, 8 A. L. R. 141. The distinction between ordinary statutes of limitation and statutes extinguishing the right of action, whether a logical distinction or not, is thoroughly settled. See The Harrisburg, 119 U. S. 199, 214, 7 S. Ct. 140, 30 L. Ed. 358."

And so in the Seventh Circuit, where the Court of Appeals held as follows in *United States ex rel. Nitkey v. Dawes, et al.*, 151 F. (2d) 639 on 644:

"We are unable to concede the correctness of the broad rule urged by plaintiff with respect to the accrual of actions and the tolling of the ordinary statutes of limitations, nor is it necessary to discuss it. We are not confronted with such a statute. We are dealing with a special statute relative only to qui tam actions, and it carries its own jurisdictional requirement that action be brought within six years. The language is plain and unambiguous and we think it should be strictly construed. It is not to be tolled or extended on account of fraud (see Pollen v. Ford Instrument Co., 2 Cir., 108 F. 2d 762; Bell v. Wabash R. Co., 8 Cir., 58 F. 2d 569), for it involves jurisdiction of the subject matter, and that cannot be acquired even by consent, in opposition to the statute."

RFC was not a party to this action within six months of the decision on the interference. RFC is the **assignee of record** of the Hulseman application. RFC is an **admitted owner** of the Hulseman application.

Only the real party in interest can sue in equity. The real party in interest is one who, by the substantive law, has

the right sought to be enforced. RFC and RFC alone **had** that right and **was** that party within the six months. But the statutory limitation has run. The **right** is extinguished. **RFC has no longer any right of recovery.** How, then, can it be joined in this action as an indispensable party, and the action be permitted to continue?

The law is well settled and admitted by the Court of Appeals (R. 56) that an indispensable party defendant cannot be joined after the six month period and the bill must be dismissed. Where a substantive statute is involved the same is true with an indispensable party plaintiff. This was analyzed nicely by Judge Learned Hand in *Garfield, et al. v. Western Electric Co., Inc., et al.*, 298 Fed. 659 on page 661:

> "Becker v. General Chain Co. (C. C. A. 1), 273 Fed. 419, followed Gay v. Cornell, supra, in a suit under section 4915. That was a bill by the assignee alone, without joining the inventor until after a year had passed. If he was a necessary party, this was too late, because, as I have said, the suit is a continuation of the proceedings to obtain a patent. It was held that the 'applicant' of section 4915 was the party in interest, and the only party in interest was the assignee."

In deciding that RFC should now be joined long after the expiration of the six month period, the Court of Appeals did not declare the law, but endeavored to make it. That procedure was expressly condemned by this Court in *The Harrisburg*, on page 214 of 119 U. S.

Petitioner also wishes to invite this Court's attention to its decision in *Crown Die & Tool Company v. Nye Tool & Machine Works*, 261 U. S. 24, wherein on pages 40 and 41, this Court held the plaintiff in an action on a patent must be the legal title holder, and condemned the practice of following the common law as to transfer of rights of a chose in action, relying on *Waterman v. Mackenzie, supra*, and

Gayler v. Wilder, 10 How. 477. Here again, this Court has already determined that Paper Container, RFC's assignor, had no right to institute this action in its own name alone. But the Court of Appeals held to the contrary.

Here we have the terribly anomalous situation of a party being forced at the whim of a Court of Appeals to **defend a suit filed by one having no right to sue and where no cause of action any longer exists.**

THAT IS OF VITAL IMPORTANCE TO THE PUBLIC INTEREST.

If an assignor of a patent right can sue in his own name for one reason, he can do likewise for another reason. If he can sue in his own name for the grant of a patent, he can sue in his own name for infringement of a patent which he has assigned or on which he has granted an exclusive license. An untold multiplicity of suits by planitiffs heretofore having no right to sue and who, while suing, have no right to recovery, would follow. Confusion of the worst order would result.

And the law established by this Court and in every other Circuit is directly to the contrary.

Obviously, this case involves principles the settlement of which is of importance to the public as distinguished from that of the parties, and there is a real and embarrassing conflict of opinion and authority between Courts of Appeals of different Circuits.

Both are here present, and either has long been held to be a clear ground for granting the writ of certiorari.

In its decision, the Court of Appeals for the Third Circuit, not only by its implications but by its precise holdings, has flaunted the decisions of other Courts of Appeal, and deliberately contravened the law as declared by this Court.

Under the circumstances here existing, it is respectfully submitted that this Court, as a guardian of the public interests, cannot afford to deny certiorari.

Counsel for petitioner hereby certify that this petition is presented in good faith and not for delay, and said Counsel also certify that this petition is restricted to other substantial grounds available to petitioner although not previously presented.

Respectfully submitted,

CARLTON HILL,
CHARLES F. MERONI,
WILLIAM A. SMITH, JR.,
1414 Monadnock Block,
53 W. Jackson Blvd.,
Chicago 4, Illinois,
Washington, D. C., address:
919 Woodward Bldg.,
Attorneys for Petitioner.

M. R. CHAMBERS,
WILLIAM H. FOULK,
Of Counsel for Petitioner.

Dated at Chicago, Illinois, February 21, 1949.